Daily Report

Latin America

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FBIS-LAT-94-126 *30 June 1994*

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Foreign Ministers Establish Caribbean Association

PA3006015794 Paris AFP in Spanish 0004 GMT 30 Jun 94

[Text] Caracas, 29 Jun (AFP)—The foreign ministers of 26 nations and 11 dependent territories agreed here today to create the Association of Caribbean States (ACS). The document must now be countersigned by the respective chiefs of state and government in July.

Tonight, the foreign ministers signed a document establishing the framework of the ACS, which will be an organization of consultation, joint efforts, and cooperation aimed at promoting expanded economic trade and investment projects.

Among the countries joining the ACS are members of the Caribbean Community (Caricom), Colombia, Costa Rica, Cuba, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, the Dominican Republic, and Venezuela.

The presidents meeting that will ratify the ACS shaping document will be held 24 July in a yet-to-be-determined country, Foreign Ministry sources told AFP. In addition to promoting economic integration, the ACS proposes active and coordinated participation in multilateral forums, environmental protection, and conservation of regional natural resources, particularly in the Caribbean Sea.

The ACS will have full members and observers, and its permanent organizations will include a Council of Ministers and a Secretariat. The Secretariat will be headed by a secretary general, who will be elected by the Council of Ministers every four years. Also, the Council of Ministers will establish a special fund designed to support technical cooperation and research programs.

The document signed by the foreign ministers says: "None of the positions outlined in the current agreement should be interpreted as conflicting with the rights and obligations of the parties in regard to other agreements." The document adds that these positions will not affect "other existing mechanisms of cooperation, joint effort, and consultation."

Andean Parliament Discusses Money Laundering

PY2906123694

[Editorial Report] Lima EL PERUANO in Spanish on 22 Jun, pages B6-B7, carries a 1,200-word report by Paul Neil Herrera Guerra on a workshop held by the Andean Parliament on 24-25 May in La Paz, Bolivia, entitled "Framework Law for Money Laundering and Legalizing Capital."

Among the experts of the region who addressed the event was Luis Lamas Puccio, who spoke for Peru on the problem of money laundering. The workshop recommended that the legalization of capital should be classified as a crime. He said this move should not be applied solely to drug trafficking money, but also to money obtained from other crimes. A series of mechanisms to identify this crime were made, as well as recommendations on bank secrecy to prevent banks and financial institutions from laundering ill-gotten money. It was also suggested that institutions controlled by banking, insurance, credit, and capital markets laws, together with enterprises engaged in construction, real estate, the marketing of vehicles, precious stones, and metals, and money exchange should help the government to identify ill-gotten assets. Mechanisms to control the marketing of real estate were also proposed.

As for money laundering, the workshop recommended the drafting of a framework law based on OAS regulations regarding this crime, leaving each country of the region free to classify the crime and adopt punishments. Lastly, it was recommended that this framework law should include mechanisms, compatible with those of other countries, for the confiscation of assets obtained through money laundering and the legalization of capital, even at the request of another country.

Cuba

Havana Notes U.S. To Use Guantanamo for Haitians

FL2906175394 Havana Radio Rebelde Network in Spanish 1700 GMT 29 Jun 94

[From the "National Radio News"]

[Text] The U.S. Government decided to rehabilitate the Guantanamo Naval Base to receive the ever increasing number of Haitians fleeing their country. The base will shelter the candidates for immigration that were being taken to the vessel Comfort anchored in Kingston, Jamaica, where the Haitians await a reply to the immigration petitions.

Robaina in Caracas on Economic Nature of Event

FL2906210494 Havana Radio Rebelde Network in Spanish 1700 GMT 29 Jun 94

[Telephone interview with Foreign Minister Roberto Robaina, in Caracas, by Roberto Cavada in Havana, on 29 June; from the "National Radio News"—recorded]

[Text] [Cavada] What is on the first day's agenda of the foreign ministers meeting?

[Robaina] The opening ceremony is scheduled for 1100. There is a document ready to be discussed by the foreign ministers. This document covers the fundamental guidelines by which the association should function. As of 1100, we will begin this meeting that should last all day, and which is to approve the document that will be presented to the heads of state.

[Cavada] It is being said that documents presented by Caricom [Caribbean Common Market], Latin American Economic System, the Economic Commission for Latin America, and the Central American Integration System have been discussed. These are all economic institutions and organizations. Does this mean that the future Association of Caribbean States could have a prominent role in the economy of the area?

[Robaina] Yes, the main drive of this initiative, which has received tremendous support from Caricom in the first place, and from the 37 countries of the Caribbean Basin, is fundamentally economic—economic, but with new game rules because it is also the only economic organization that deals with environmental issues, social policies, and many other related issues as well.

I believe that today, we start on a path toward establishing new game rules. The special characteristic of these game rules is that many countries are not characterized by large resources. They are characterized today by the desire to see this area, which although geographically linked a long time....[end recording]

EU Grants $11.5 Million for Humanitarian Aid

FL3006003894 Havana Radio Rebelde Network in Spanish 1700 GMT 29 Jun 94

[From the "National Radio News"]

[Text] On 29 June, the European Union [EU] granted $11.5 million in humanitarian aid to Cuba. This decision was reached following a visit to Cuba by experts from the European Union last March.

The financial aid will be managed by nongovernmental organizations who work with the EU, and will be allocated as follows:

1. Two million dollars will be used to purchase and distribute medicine and raw materials to produce the neovitamin tablets used against optical neuritis.
2. Four million dollars will be used to stock hospitals with medical supplies such as sheets, hygiene products, and surgical, orthopedic, and sanitary supplies.
3. Eight thousand dollars will be used for drinking-water purification.
4. The rest will be used to acquire and distribute food staples such as powdered milk, oil, cheese, canned meat and fish, fruits, vegetables, and baby food.

The EU's aid will be distributed according to regional mortality indexes, and urban population density.

Spanish PP Delegation Meets With Opposition

PA3006023894 Madrid EFE in Spanish 1743 GMT 26 Jun 94

[Text] Havana, 26 Jun (EFE)—For the first time ever, an official delegation from Spain's conservative People's Party [PP], the principal opposition party in Spain, has established contacts with Fidel Castro's government during a visit to Havana. In addition, the PP delegation also took the opportunity to meet with representatives of Cuba's domestic opposition.

Guillermo Gortazar, PP deputy and party secretary, and Information Office Director Miguel Angel Rodriguez told EFE the visit was "a goodwill gesture by the PP, and it has been fully satisfactory and the objectives have been met."

Gortazar stressed that they conveyed "a message of accord" to the Cuban authorities in the event of a change of government in Spain, but they also made it clear that the PP would suggest recommendations to initiate a process of political opening.

He added that, so far, the PP has demanded improvements in the treatment of political prisoners, amnesty, and an acknowledgement of the right to association, just as the current Constitution envisions.

"Economic changes must translate into genuine political changes to enable the people to voice protests that will stem from the required adjustment measures," the

deputy pointed out after warning that some Cuban leaders recognize the risk of a "social explosion," particularly in Havana.

"Deregulation and opening are a matter of common sense and political prudence, and it is up to the current leaders to equitably conduct this process from within the government," Gortazar stated.

Miguel Angel Rodriguez insisted that the changes "must be carried out from within," and he pointed out that the term most used during his meetings was that of "reconciliation."

Gortazar and Martinez who today, Sunday, ended a visit that began on Wednesday, met with Jose Ramon Fernandez, vice president of the Council of Ministers; Foreign Minister Roberto Robaina; Ricardo Alarcon, president of the National Assembly of the People's Government [ANPP]; and Jose Ramon Machado Ventura and Jose Ramon Balaguer, members of the Cuban Communist Party [PCC] Central Committee Politburo who are responsible for propaganda and ideology.

"This is the first time," Martinez pointed out, "that a PP mission has been received by the Central Committee."

The PP representatives, who stressed "the receptiveness" of the meetings, said their party will invite between eight and 10 Cuban officials to a seminar on "political transition" that will be held in Madrid in the autumn.

Both PP leaders noted that Cuban authorities expressed great interest in establishing closer ties with the PP, as demonstrated by the fact that official interviews included on their itinerary were not canceled following their meeting with some members of Cuba's domestic opposition. "This establishes a precedence and is evidence that the Cuban authorities' interest in the PP is very high," Miguel Angel Martinez stated.

Human rights activists Elizardo Sanchez Santacruz, Vladimiro Roca, Rene del Pozo, Jesus Yanes Pelletier, and Gustavo Arcos, as well as others, participated in meetings with the PP. According to Gortazar, they said, "the government is giving out false signals of change, while, at the same time, the human rights situation is deteriorating."

Mexican Solidarity Group Arrives With Donations

FL3006003794 Havana Radio Rebelde Network in Spanish 2300 GMT 29 Jun 94

[Text] On the afternoon of 29 June, 40 members of the Mexican solidarity group, Go for Cuba, arrived in Cuba together with representatives of the Spanish State Committee for Solidarity With Cuba. These organizations have put together a donation, enroute on the vessel (Frimaro), which includes approximately 400 tons of oil and 100 tons of food, medicine, toys, and household items earmarked mainly for Cienfuegos Province.

The Go for Cuba group is a very active solidarity organization that has conducted numerous campaigns in support of Cuba and has openly expressed its support for Cuba and rejection of the blockade. The visitors will stay in Cuba approximately seven days and will meet with numerous social and mass organizations and visit sites of economic, social, and cultural interest.

On 5 July, the Go for Cuba group will be presented an award by the Anti-Imperialist Tribunal of Our America for its solidarity work.

Authorities Announce 'Massive' Transportation Plan

PA2906171894 Mexico City NOTIMEX in Spanish 1916 GMT 26 Jun 94

[Text] Havana, 26 Jun (NOTIMEX)—Today, the Cuban authorities announced a new massive transportation system for Havana based on modified locally manufactured trucks to relieve the serious transportation shortage.

Cuba will attach cargo and dump truck cabs to the chassis of conventional buses to create a "super train-bus" ["super tren-bus"] with a 315-passenger capacity, according to the official plan disclosed here. The "super train-bus," manufactured at an industrial plant on the outskirts of Havana, operates in a limited fashion in the city and is known by the people as a "camel" due to a sort of "hump" resulting from its peculiar assembly.

With the new system, which covers seven main thoroughfares in Havana, the authorities expect to turn around the shrinking capacity of the 2.1 million inhabitants of this capital to mobilize. In the past three years, the Cuban transportation system has been strangled by the currency deficit and the lack of batteries, spare parts, accessories, and tires. Public transportation in Havana was reduced from 30,000 daily trips at the beginning of the decade to approximately 7,500, according to an official assessment.

Some 500,000 bicycles that circulate in the Cuban capital reduced the transportation shortage but are not enough to resolve the demand of 4.2 million [figure as received] people who, according to the authorities, mobilize everyday in the city.

The plan foresees adding 260 "super train-buses" by the middle of next year and refurbishing approximately 200 conventional passenger "Ikarus" buses, which were made in Hungary. The remaining bus routes that are still operating in Havana, but with growing limitations, will be reorganized so as to support the "camel" thoroughfares.

The total fleet of passenger vehicles in the capital is 1,176, with an average of 437 in working condition. For next year, the goal will be to have 1,145 available, of which 916 will circulate.

Farm Managers Receive Performance-Based Salary

FL2906134994 Havana Radio Rebelde Network in Spanish 0900 GMT 29 Jun 94

[From the "Doing Radio" program]

[Text] Farming sector managers have begun receiving a salary in accordance with the results of their performance. This experience is taking place in Urbano Noris Municipality, in Holguin Province. This experience could be extended to the rest of Cuba.

Matanzas Central Army Military Units Inspected

FL2906151894 Havana Radio Rebelde Network in Spanish 0900 GMT 29 Jun 94

[From the "Doing Radio" program]

[Text] Military units in Matanzas Province are undergoing an inspection aimed at reviewing the progress of the fulfillment of the Central Army and Revolutionary Armed Forces strategic guidelines. The Central Army inspection will conclude on 1 July. It includes the provincial General Staff and Matanzas and Union de Reyes Municipalities, as well as the Camilo Cienfuegos and Comandante Horacio Schools.

The inspection of the provincial defense system will also review the Revolutionary Navy's efforts, as well as the progress of efforts to achieve second phase status in defense preparedness. The combat training of the Territorial Troops Militia, special units, and Production and Defense Brigades in the province will also be evaluated.

On 28 June at 2000, the Camilo Cienfuegos Military School held the first provincial defense system amateur artists festival. The most culturally active municipality of the Central Army will be selected tonight.

Trade Minister Opens Santiago Trade Fair

FL2906160494 Havana Radio Progreso Network in Spanish 1100 GMT 29 Jun 94

[From the "First Thing" program]

[Text] During the inauguration of the third trade fair, Expo Caribe-94, in Santiago de Cuba, Foreign Trade Minister Ricardo Cabrisas stressed the influence of the fair within Cuba's efforts for integration with its Caribbean neighbors and promoting the eastern region of Cuba to the forefront of those efforts.

Haiti

Situation 'Tense' in Laborde Following Raid

FL2906182994 Port-au-Prince Radio Metropole in French 1045 GMT 29 June 94

[Text] The situation remains tense in Laborde, 12 km from Les Cayes, following a 14 June raid on the church offices in the area. The raid was conducted by individuals in military uniforms and some armed civilians. They arrested Paul Gesner Desormes, an assistant of the parish priest, Father Lukens Lampi. Mr. Desormes is the assistant-head of the College of Notre Dame of Laborde, headed by Father Lampi.

He was arrested on charges that he distributed food to the peasants and held clandestine meetings to prompt the peasants to rise up against the established de facto state. Severely beaten, Desormes allegedly had his left eye gouged out, according to a press release of the HAITIAN PRESS AGENCY.

CONAPOP: U.S. Sanctions 'Unfair,' 'Discriminatory'

FL2906180894 Port-au-Prince Radio Metropole in French 1045 GMT 29 June 94

[Text] CONAPOP, the National Federation of People's Organization of Haiti, considers the American measures unfair and discriminatory. According to CONAPOP, the measures contribute to indirectly penalizing a very large number of citizens who played no part, directly or indirectly, in the preparation, the setting up, the execution, or the management of the 30 September 1991 coup d'etat.

The CONAPOP press release says: In CONAPOP, we think the application of the clauses of the Governors Island agreement, signed willingly on 3 July 1993 by the main protagonists of the crisis, remains until further notice, the key to a solution of the political, economic, social, moral and ecological crisis that is shaking the nation. The agreement offers guarantees to the parties in conflict and creates the hope of a new economic start to the benefit of all the nation's sons. The press release is signed by Claude Alien and Vanes Cherestal, the political adviser and the national coordinator, respectively, of CONAPOP.

Chamber of Commerce To Legally Challenge Sanctions

FL2906185794 Port-au-Prince Signal FM Radio in French 1030 GMT 29 Jun 94

[Excerpts] Haitian employers are going to institute legal proceedings in the United States against the latest sanctions on Haiti by President Bill Clinton. This is what Raymond Roy, president of the Haitian Chamber of Commerce and Industry [CCIH], said. The legal action is directed especially at the list of 237 persons whose accounts have been frozen. Those people include a handicapped person, who was the victim of political violence; children; and deceased persons, asserted the CCIH, which has called on Haitians to mobilize. Roy described those sanctions that also limit transfers from Haitians living abroad to their deprived relatives in Haiti to $50 per person and per family as illegal. Criticizing the position of the United Nations in the Haitian crisis for letting itself be led by the United States, Roy

pointed out that the Haitian employers' organizations were going to write to UN Secretary General Butrus Butrus-Ghali to denounce those measures. Let us listen to the explanations of Jean Luckenson:

[Begin Luckenson recording, in Creole] The country's economic situation is very alarming, even moribund. Our businesses are closed; the international community is assassinating the Haitian people. In the next few days, we are going to retain Haitian and foreign lawyers in order to try to attack the U.S. Government's unfair and criminal executive order. Clinton is wrong. Such a measure should be taken by the United Nations. I was quoting from CCIH President Raymond Louis Roy following a meeting held by about 50 employers who are members of an association of Haitian employers and industrialists. The meeting, held on Tuesday 28 June at 1130, was held to discuss the latest measures taken by the head of the U.S. Government on 15 June to force the military leaders to give up power. Those measures were the freezing of the funds abroad of those who support the putschists and the suspension of commercial flights. [passage omitted]

The CCIH president severely criticized the latest measures taken by the head of the U.S. Government. According to Roy, who was wearing a white guayabera shirt with a button saying No to Occupation on his chest, the international community wants to bring about international genocide against the Haitian people. The latest sanctions have spared no one. So, the avalanche is under way, taking away all that it finds in its path no matter whether it be trash, straw, grass, or what have you. The U.S. Government took measures against all those who are supporting the putschists. According to many observers, the CCIH members have not been spared. [passage omitted]

Roy said they have analyzed the latest sanctions and are looking for a solution so they do not end up in a grave. He invited all staunch Haitians, who are the victims of the international community's claws through the latest sanctions, to a mass to be celebrated on 4 July to protest the embargo and foreign occupation in Haiti. [passage omitted]

Senator Manigat Calls Clinton 'Sick Person'

FL2906230694 Port-au-Prince Signal FM Radio in French 1030 GMT 29 Jun 94

[Text] Romel Manigat, senator elected during the contested 18 January 1993 elections and vice president of Bernard Sansaricq's unofficial Senate office, said U.S. President Bill Clinton is a sick person. This statement was made following the Clinton administration's recent decision to suspend the visas of all 18 January senators except Serge Gilles, general coordinator of the Nationalistic Progressive Revolutionary Party of Haiti, who has never participated in the meetings of his colleagues.

The U.S. authorities' decision was adopted in an attempt to return those parliamentarians who support the military coupists and who contributed to the installation of the de facto government of Emile Jonassaint to their senses. Senators Bernard Sansaricq, Eddy Dupiton, and Dejean Belizaire, who are well known for their ultranationalism, reacted on 23 June to the U.S. administration's decision to cancel their United States visas.

FNCD, CONACOM Form Social Democratic Bloc

FL2906235394 Port-au-Prince Radio Metropole in French 1600 GMT 29 Jun 94

[Passage within italics in Creole]

[Text] In the Haitian Parliament, the tasks of the eighth and final session of the 45th Legislature have still not begun despite various attempts by the office of the Chamber of Deputies. Several possibilities could explain legislators' obvious refusal to meet at this time. It could be the presence of the Jonassaint government, not recognized by the assembly of deputies. Furthermore, the office presided over by Frantz Robert Monde has been subject to increasingly virulent criticism from several lawmakers, and various political blocs in the lower chamber are now facing serious internal crises. Among them is the Parliamentary Bloc-National Front for Change and Democracy [BP-FNCD] which just lost about 10 members and regrouped as the Social Democratic bloc. Edner Jean met with the president of the new political bloc, Deputy Edmond Mirold:

[Begin recording] [Mirold] ... *Many deputies who are now part of the Social Democratic bloc were indeed members of FNCD. Most of the deputies from CONACOM [National Congress of Democratic Movements] are now part of this bloc, as are many other deputies who are not members of CONACOM, but who share the same trends and value the same ideas.*

[Unidentified reporter] *Does this division, which is established by the formation of this new bloc, not weaken the camp defending the return of President Aristide?*

[Mirold] *Of course. Division always creates problems and minority groups. We have not changed our stand regarding the return of President Aristide. His return is a fundamental element for us. It is the basis of our struggle because we stand for the return to constitutional order, which cannot be accomplished if Aristide's five-year term is not completed.* [end recording]

Jamaica

JPSCO Workers Strike, Demand Higher Wages

FL3006104694 Castries HTS Caribvision Television in English 2215 GMT 29 Jun 94

[Text] Several workers at the Jamaica Public Service Company [JPSCO] are on strike. This action has resulted in the crippling of operations at the light and power

company. The workers are asking for an 80-percent salary increase in the first year, and 85 percent in the second. However, management says it can only offer 40 percent in year one and 25 percent in year two. Janice Budd says as a result of this strike action, more than 40 percent of the country is without electricity and managers are manning operations.

[Begin recording] [Budd] The JPSCO workers gave the minister of public utilities one last chance to respond to their demands, but when he finally did, the workers were not happy. They stuck to their promise and walked off the job. At the Hunt's Bay plant, the center of the JPS cooperation, more than 150 workers picketed the gate. They say they supply approximately half the island's power supply and management cannot keep the plant going indefinitely. Workers at all the other JPSCO offices were in solidarity with their colleagues at Hunt's Bay. They closed their office doors and took to the streets with their placards. The workers have several grouses. They want the establishment of overtime allowances, a pilot daycare facility, transportation home in emergency situations, among other things.

[Unidentified striking employee] [passage indistinct] Who they care about? [Words indistinct] Consumer? More than they care about the employee. [passage indistinct] The consumer product [words indistinct]. They do not think about that.

[Budd] They say the minister's claim that the company cannot offer more money is a lie. They say no company that says it has $900 million in the bank can claim inability to pay, especially if it has a monopoly on the commodity.

[Unidentified employee] We believe that there are ways open to the company to pay this amount. There are a number of ways. We believe that if the company and their principals, the government, considered the situation seriously enough, there is a possibility that an improved offer could be made. [passage indistinct]

[Budd] The workers say they will continue their strike until the company's management accept their [word indistinct]. Management is running the B-6 and GT-10 units at Hunts Bay and keeping emergency units going island-wide until the whole issue is resolved, whenever that may be. Until then, the island will no doubt feel the effects of their actions. [end recording]

Meanwhile, workers at the Trinidad and Tobago Electric Company sat and looked at the customers what come in for service yesterday morning. By yesterday afternoon, the commission was warning that workers who refused to perform could be shocked into action. The commission was, however, not prepared to say precisely the type of shock action it is likely to administer. Yesterday's protest is part of a campaign to persuade the government against privatization of the utility.

[Begin recording] [Unidentified reporter] [Word indistinct] customers found themselves caught in the middle of rapidly growing objecton to privatization of the commission on the part of workers. While [word indistinct] workers sat at their desks as usual, they reportedly did little else, refusing to attend to customers who eventually trickled out of the Customer Service Department, frustrated. Reports are that action taken by the workers forced the closure of the South office. Officals of the [word indistinct] branch of the OWTU [expansion unknown] denied reports that workers forced customers out of the building.

[Unidentified OWTU spokesman] [passage indistinct] Okay? We will take care of ourselves to [words indistinct] because the people upstairs have a pension, too.

[Reporter] Workers are continuing protests against privatization which they say will deprive them of their pensions. They estimate the pension figure to be $540 million. They have [words indistinct] far more sinister implicatons of the move toward privatization.

[OWTU spokesman] [passage indistinct] The minute they stop the pension, it means they stop the permanency, too. Up to now, we do not know what is going on with the pension which everybody is relying on. [Words indistinct] something like 90 percent of the workers depend on that. We have people out there with bills to pay and this is what they depend on when they reach the age of 60; they are able to relax themself and get something and help their children or whatever.

[Reporter] The workers see this as the return of the white devil of colonial days returning labor to slavery. The scene today was characterized by empty offices and tight security. Service vehicles remained on the compound and the workers wore red, carrying red flags, and milling about at the front of the building. [Word indistinct] officials have confirmed this morning's incident adding that hundred of persons were affected by action taken by workers. They add that they have communicated to workers that their actions are illegal and that the commission will penalize workers if it is not halted by Thursday. [Word indistinct] officials say they have assured employees that the pensions will not be affected, but that they are dissatisfied with the assurance. Workers in Port-of-Spain say they intend to march at headquarters tomorrow. [end recording]

In related news, Barbados' largest public sector union, the National Union of Public Workers [NUPW], says it has been experiencing problems and more problems in recent times. Andrew Lowe takes a look at some of these problems.

[Begin recording] [Lowe] The Achilles' heel of the NUPW seems to be its inability to raise a quorum at important meetings. Just two Saturdays ago, the union called its annual general meeting which failed to come off because of that "q" word. This appears to be a major problem for the union for some time now. Commenting on the situation, President Morris said that even pressure issues did not seem to attract a crowd.

[Morris] I think it is generally speaking, in my view, two reasons: one has to do with a general malaise by individuals about the running of the organizations where they leave the decisions to the leadership. Secondly, from where I sit, I believe that our organization needs to move to a delegates' conference.

[Lowe] Speaking of the time of the failed [word indistinct], Mr. Morris said that a new system should be put in place to prevent the problem. He said a system in which different workers' groups are represented by one or two delegates is a system being considered.

[Morris] In my view, those people who they be selected by their departments—and this is where the delegate system comes in—where they will be seeking to have elections in the various departments for delegates on a proportional basis to be sent to represent the interests, and therefore, what can happen is conceivably the union can have 500 or 600 delegates and a quorum of those will be some amount, but I believe that that will ensure a lot more.

[Lowe] But finding a quorum is not the only [word indistinct] situation the union has been faced with recently. Try electing a new executive for good measure. The union tried that last Wednesday. The result? Chaos. Election officials discovered ballot tampering with a number of votes for the presidency. The election was eventually declared null and void following a heated meeting Saturday. The war of words spilled over from the meeting. [end recording]

Study Blames U.S., PRC for Most Dumping Cases

PA3006023594 Mexico City LA JORNADA in Spanish 28 Jun 94 p 45

[Article by Patricia Munoz Rios]

[Text] The United States and the PRC are the two countries that conduct the most unfair trade practices in the Mexican market. Together, they are responsible for 56 percent of all cases of dumping reported in the current six-year period, according to a study conducted by the Dumping and Subsidies Investigations Directorate under the Unit of International Trade Practices of the Commerce and Industrial Development Secretariat (SECOFI).

The document says that in the current six-year period, approximately 108 dumping investigations have been conducted to detect cases in which foreign producers are selling products at lower than normal prices in the Mexican market, which hurts Mexican industries so much that they are driven to the verge of bankruptcy.

Of a total of 108 cases investigated, 43 have to do with products coming in from the United States and 17 from the PRC, followed by 12 investigations into Brazilian products and five into German products.

Figures show that 39.81 percent of all investigations have been conducted against U.S. products brought into the country under unfair trade conditions, while 15.74 percent of all investigations involve PRC products.

The countries that have committed the least number of unfair trade practices against Mexico have been those from the Asian bloc and from Latin America, but in the case of Latin American nations, the document notes that trade with these countries is very limited.

The analysis conducted by SECOFI reveals that most of the countries with which Mexico trades have been the object of two or more dumping investigations, but in the case of the United States, the number of unfair trade practices committed in the Mexican market is extraordinary.

Among the countries that in the past five years have been the object of only one dumping investigation by the Mexican trade authorities are Argentina, France, India, Japan, Malaysia, the Netherlands, Pakistan, and Chile. Belgium, the EC, Colombia, and Taiwan have been the object of only two dumping investigations each under the current administration, the document states.

As for the products involved, the ones that "suffered" most from unfair trade practices were those from the chemical industry, oil byproducts, and rubber and plastic products, and these comprised 40 percent of the dumping cases reported during the current administration. These products are followed by those from the basic metal industry with 17 percent of all investigations and the textile sector with 12 percent of cases of unfair trade.

In the same order of importance, metal industry products, machinery, and equipment—including, among other products, microcomputers, telephone adapters, transformers, and tools—account for 10 percent of all investigations.

Toys, shoes, and electrical appliances, including refrigerators, account for 7 percent of the total number of registered cases. Nonmetal products—fluorite, cement, artificial corundum, and ceramic coating [recubrimiento ceramico]—account for 5 percent of the total number of dumping cases, followed by products from the paper and printing press industry.

Food products account for the least number of investigations; cases of unfair trade practices have only been reported in the marketing of fish meal, beef, pork, and cationic starch.

Copyright Official Discusses Piracy Problem

PA3006013294 Madrid EFE in Spanish 0647 GMT 26 Jun 94

[Text] Mexico City, 26 Jun (EFE)—Gabriel Larrea, president of the Mexican Copyright Institute (IMDA), has told EFE that the piracy business is dealing a fatal blow to intellectual property rights because for each original, five pirated copies are sold on the black market.

"If the author is not reimbursed, he is discouraged from continuing to create," said Larrea, who calls piracy—the practice of copying originals to sell copies on the black market—the greatest economic and moral wrongdoing suffered by creative people.

Mexico's copyright tradition dates back to the 19th century, although the first Mexican copyright law was passed in 1947 and the current copyright law in 1963. The 1963 law guarantees an author protection equivalent to his lifetime plus an additional 75 years after his death before his works enter into public domain.

Other Latin American countries face the same problems in protecting the rights of authors. Currently, the countries which are most interested in improving their copyright laws are Argentina, Colombia, Brazil, Venezuela, and Costa Rica.

"A great effort has been made to protect the rights of authors in these countries," says Larrea, who stressed Latin America's intention to join the Ibero-American Organization of the Rights of Authors (Finauto), which was created in Costa Rica in May. This organization will compile catalogues of production companies, recording companies, and users so authors will be better protected inside and outside of Ibero-America, Larrea said.

Larrea believes the economic loss is "fatal" to authors because for each record sold legally, as many as five illegal copies are sold in the underground economy. This harms the authors who, faced with the exploitation of their works without receiving any benefits, prefer to produce fewer works.

According to the Mexican Record Producers Association, illegal production exceeds legal production fivefold and serves as an arrow that pierces personal creativity affecting industry, culture, and society.

Larrea said the protection of the authors rights is "sacred property," adding that "the idea that the expression of the creator must be protected" is still upheld in Mexico as a continuation of its European tradition.

Meanwhile, there is an Anglo-Saxon culture that is more concerned about preserving the right of businessmen to copy works, although in the long run they protect intellectual production through these works, Larrea added.

Mexican authorities and the Attorney General's Office under the leadership of Humberto Perez Trevino have promised to fight piracy, but a spokesman for the Prosecutor's Office told EFE that his office did not have any figures on the number of articles confiscated.

It has recently been reported that in 1994, more than 1 million illegally copied records were confiscated, the production of which greatly affected producers and authors.

Copyrights should be protected because they represent an investment in producing culture. If copyrights are not protected, then no one will want to invest in production, Larrea said. Larrea is the well-known lawyer who defended singer Juan Gabriel in a lawsuit against a record company to recover the copyrights of more than 500 songs.

For the IMDA president, piracy not only involves those individuals who copy something: "Many others are behind this phenomenon because capital, distribution channels, and storage facilities are needed; in other words, there is a pirating industry."

Larrea believes that fighting piracy does not merely comprise confiscating illegal copies on the black market. He said: "People must be reminded of authors rights because if we do not know what those rights are, we begin to fail to recognize the rights of intellectuals."

Copyrights should be balanced with society's ability to accept the following facts: on one hand, society must recognize that authors have material rights, and on the other, that authors are exploited by industry.

Small Chiapas Landowners Threaten To Evict Indians

PA3006013394 Monterrey EL NORTE (Foreign Edition) in Spanish 27 Jun 94 p 14A

[Report by Daniel Pensamiento]

[Text] Tuxtla Gutierrez—After agreeing to the immediate sale of 44,000 hectares of land in the conflict zone, small landowners and cattlemen have given authorities eight days to evict Indian and peasant groups from approximately 400 tracts of property; otherwise, they will begin the evictions themselves.

During a meeting, the small landowners rejected the government's proposal to begin the evictions on 31 August at the conclusion of the negotiations on the sale of the land and the relocation of the groups.

Rodolfo Ulloa, secretary general of the state government in Chiapas, said the state administration is willing to carry out the evictions but that dialogue and consensus must prevail in order not to hinder the peace negotiations. "We are willing to undertake the actions you demand, but we must contribute to reaching peace agreements," he said.

Francisco Escudero, a representative of small landowners in the Soconusco area, warned that the region's producers will begin to recover the land if the government continues to be indifferent to the eviction of the Indian and peasant groups.

Escudero said: "We can no longer tolerate this. We are sorry the government is closing the door on us. How can the government wait until 31 August to begin the evictions?" He added: "We cannot accept this. This is why we made it very clear that if by 4 July there is no reply, we will begin to evict people from our farms, and the government will be responsible for what happens."

The small landowners have been picketing the Government Palace, and their trucks and tractors have been blocking the city's main square for the past 72 hours to demand the evictions.

Guatemala

Security Tightened Due to Bomb Threats, Violence

PA3006040994 Mexico City NOTIMEX in Spanish 0312 GMT 30 Jun 94

[Text] Guatemala City, 29 Jun (NOTIMEX)—Security Forces (Army and National Police) tightened security measures for bridges, public buildings, and the international airport in view of recent bomb threats, a military source has reported.

A ranking military chief told NOTIMEX tonight that troops were deployed to areas near the Guatemalan capital and in the country's southern coast because of insistent reports that guerrillas are going to launch an "escalation of violence."

Municipal and voluntary firemen received a series of warnings during the day which indicated that the Guatemalan National Revolutionary Unity (URNG) will blow up electrical power lines and bridges.

So far the URNG has not claimed responsibility for the threats, although the government and National Defense Ministries announced that "terrorism will be fought with the full force of the law."

On Wednesday, a bomb exploded in La Carolina public school in Mixco municipality in the southern part of the Guatemalan capital, wounding two students.

The previous day, unidentified individuals set off three powerful bombs on the bases of the Ciudad San Cristobal bridge in Villa Nueva Municipality, which is in the outskirts of Guatemala City. This explosion left three people wounded, including a 10-year old girl.

That same day another bomb was set off inside a house in Zone Six, Villa Nueva Municipality, which left a woman seriously wounded.

The terrorist warnings take place just hours before the Guatemalan Army celebrates on Thursday its 173d anniversary.

Nobel Peace Prize laureate, Quiche Indian Rigoberta Menchu, requested the UN's urgent intervention to guarantee human rights for Guatemalans.

On 29 March, the government and guerrillas agreed to UN verification in Guatemala, where over the past 34 years war has resulted in 175,000 deaths, 250,000 orphans, 45,000 widows, and an equal number of refugees in Mexico.

Defense Minister General Mario Rene Enriquez, said on Wednesday that the Army, which is made up of 47,000 soldiers, agrees to international verification, as well as to a commission to investigate war crimes.

Court Orders Chrysler To Halt Sales, Freezes Accounts

PA3006030094 Mexico City NOTIMEX in Spanish 0018 GMT 29 Jun 94

[Text] Guatemala City, 28 Jun (NOTIMEX)—A Guatemalan court today ordered the multinational Chrysler Corp. to suspend the sale of its automobiles, and it froze Chrysler's bank accounts in Guatemala until a $3.5 million lawsuit filed against the automaker is settled.

A Guatemalan court declared the company in "contempt" because it failed to send a representative to testify before the country's legal system in connection with a lawsuit alleging the firm had illegally seized the property of a defunct domestic auto dealer.

The plantiffs, who are the children of auto dealer Henry Nicol, plan to increase the value of the monetary damages they are seeking from Chrysler, but they did not name a specific figure. The principle plaintiff, Vida Amor Nicol de Paz, said that they will take the case to the U.S. courts if the lawsuit in Guatemala fails to yield positive results.

Nicol de Paz said her father's company, more than five years ago, purchased from Chrysler vehicles that turned out to be defective, and, as a result, Guatemalans returned them for repairs. Chrysler, however, refused to repair the vehicles and "illegally" seized the dealership, the lawsuit states.

"The embargo against the multinational corporation in Guatemala will last at least two years because of the legal system in this country," Nicol de Paz said.

Chrysler official Tony Cervone said, "The lawsuit will not affect us financially in Guatemala, but it will tarnish our prestige."

Cervone added that the suit will affect the expansion and image of the company in Latin America at a time when markets are opening up. Chrysler Corp. earned worldwide revenues of more than $2.4 billion in 1993, according to company sources.

Honduras

Paz Seeks To 'Renegotiate' U.S. Military, Security Ties

PA2906171494 San Pedro Sula TIEMPO in Spanish 29 Jun 94 p 7

[By Francisco Rodriguez]

[Text] Tegucigalpa—Foreign Minister Ernesto Paz Aguilar denied yesterday that the Honduran Government accepts the transfer of U.S. troops stationed in Panama to Palmerola, and he reaffirmed that this military base will be turned into a regional center for counternarcotics operations.

During U.S. Defense Secretary William Perry's visit, it was learned that the North Americans have the idea of transferring the troops stationed in Panama to Honduras in view of the fact that the troops have to leave Panama no later than 31 December 1999 in order to comply with the Torrijos-Carter Treaties.

Paz Aguilar said he was surprised by Perry's statements to the media, adding that he is sure there was an error in the translation from English to Spanish. He explained that he spoke with the U.S. official about the future of the military presence in Honduras, the military's civic actions, the struggle against drug trafficking, and the Haitian situation.

"We seek to have the U.S. military presence limited to the counternarcotics arena; we believe that the military presence no longer makes sense. The United States has a new agenda. It is closing bases domestically and abroad, and the conclusion is that their presence should continue in our country, but to strengthen the military's civic action programs," he reiterated.

Asked whether it was true that the struggle against drug trafficking is a pretext to justify a permanent U.S. presence in the country, Paz replied: "I must tell you that the Honduran Government has decided to redefine and renegotiate its relations with the United States at the military and security level. Second, the fight against drug trafficking is not a matter for the military; it is the concern of the police and the specialized agencies of the U.S. Government, more specifically of the DEA."

He admitted that the U.S. military presence will increase in the specialized field of the struggle against drugs, which is a task for the police and not the military.

"We have to understand that there have been changes at the international level. The challenges faced by countries do not stem from military threats; the greatest threat faced by the Latin American democracies is extreme poverty, drug trafficking, the destruction of the environment, and the energy crisis," he said.

Asked what the United States would give in exchange for the military presence, he replied: "I think we are going to have, for example, the best Central American airport. Palmerola is going to be an airport for civilian-military use, and I reiterate that we are going to have the best Central American airport. It just needs to be equipped. That is one of the things we are going to propose."

He said the U.S. Congress is willing to provide aid to strengthen the police in order to fight drug trafficking.

He insisted that it is not true that U.S. troops stationed in Panama will be transferred to Palmerola, adding that "we have been firm opponents of the presence of foreign troops in Central America, and that is our position."

Nicaragua

Foreign Minister Leal Confirms Embassy Occupation

PA2906142794 Managua Radio Nicaragua Network in Spanish 1200 GMT 29 Jun 94

[From the "This Morning" newscast]

[Text] Foreign Minister Ernesto Leal has confirmed the occupation of the Colombian Embassy in Managua. Leal confirmed yesterday the occupation of the embassy by six persons who claim they are members of the former Nicaraguan resistance.

The embassy occupiers are making demands to the government and are mistakenly requesting political asylum to reinforce their demands. Referring to the political asylum demands made by the embassy occupiers, Leal said that in Nicaragua there is no need for political asylum because in our country there are not and there will not be any political persecutions by the government of President Violeta Barrios de Chamorro.

Leal said that the occupiers may leave the diplomatic mission and make use of any news media or resort to any legal procedure to make their demands, to which all Nicaraguans have a right. They also have a right to publicly express them, he said.

Ex-Contras Ask U.S. To Take 'Responsibility'

PA2906143394 Panama City ACAN in Spanish 1157 GMT 29 Jun 94

[Text] Managua, 29 Jun (ACAN-EFE)—Former Nicaraguan "contras" believe that the OAS can do nothing to guarantee their physical well-being and therefore demanded that the U.S. Government assume that responsibility.

The group of 17 former Nicaraguan "contras" who on Tuesday occupied the headquarters of the International Commission of Support and Verification of the OAS (CIAV-OAS) and six others who requested political asylum at the Colombian Embassy in this capital made that decision to protect their lives.

Leonardo Zeledon, alias "Chispero," told ACAN-EFE that "we were forced to promote this action because after four years the CIAV-OAS has been the only organization that has tried to protect our lives." "Unfortunately, in four years the CIAV-OAS has been unable to guarantee our lives because the government does not establish conditions for that," added "Chispero," a crippled individual who directs the occupation from a wheelchair.

"The North Americans armed us for war and later disarmed us for peace, but now that we are persecuted, jailed, and murdered and are jobless, nobody does anything for us," the crippled leader explained. "The United States must demand that our lives be respected," he insisted. "Chispero" asserted that clearly the former

Nicaraguan Resistance "cannot offer more lives" and urged the U.S. Government to protect their lives.

The Managua Government has remained silent on the CIAV-OAS occupation, although it was learned Government Minister Alfredo Mendieta talked over the telephone with CIAV Coordinator Sergio Camarena. Details of the conversation between the minister and the CIAV official are not known.

The former contra leader, who during the civil war was personnel chief of the "San Jacinto" Task Force," one of the battalions of the defunct "contras," warned that the occupation is "peaceful but indefinite." "Before, the CIAV-OAS was a shadow protecting the demobilized, but now it only overshadows the dead," the crippled leader stated.

"Chispero" said the government pledged to support the return of the demobilized to civilian life and it has not complied. He added it cannot guarantee recontras the means to support themselves with land to produce, work, and education. He admitted that the six demobilized individuals who sought refuge at the Colombian Embassy are part of a "struggle and liberty" plan that will be implemented day after day nationally, with progressive actions he did not detail.

"Chispero" reported he is a member of the Nicaraguan Resistance Superior Council, which is also trying to unite all former "contra" trends and protect the demobilized. In addition, the Nicaraguan Resistance Superior Council follows up on the agreements the government has allegedly failed to comply with on the delivery of land, work, and education for the former contras' return to civilian productive, social, and political life.

According to "Chispero," approximately 50 men who took up arms under Jose Angel Talavera, alias "Chacal," and who had demobilized, returned to the mountains in northern Nicaragua bearing their weapons to protect their lives. "The 184,000 families that the CIAV-OAS repatriated are not doing anything, and it is best that they be removed from here and sent wherever they want so they cannot be hunted down like dogs," said "Chispero" in one of the hallways of the CIAV-OAS headquarters.

Meanwhile, Nicaraguan Foreign Minister Ernesto Leal called on the six former "contras" occupying the Colombian Embassy to leave that mission and "make use of legal procedures to demand their claims." "In our country there are no persons who are persecuted, nor will there be, for political reasons by the administration of Violeta Chamorro," the foreign minister declared.

The facilities of the Embassies of Venezuela and Italy, the United Nations, as well as the cathedrals in Managua and Esteli, were also occupied weeks ago by groups of former Sandinist soldiers pressuring for solutions to their problems.

Police Chief, Minister on Takeovers

PA2906195494 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 29 Jun 94

[Report by Maria Lourdes Osorio; from the "National Newscast"—passages within quotation marks recorded]

[Text] Two groups of alleged members of the Nicaraguan Resistance [RN] unexpectedly this morning invaded the offices of the CIAV-OAS [International Commission of Support and Verification-OAS] to demand that the government fulfill its agreements.

[RN leader Leonardo Zeledon, alias Chispero] "The CIAV-OAS, as guarantor of the verification of the agreements signed with the RN, take us out of here, gentlemen."

Simultaneously, six persons led by Luis Arguello Ortiz, known among the former RN members as 02 [Cero Dos], entered the Colombian Embassy to demand political asylum.

[Arguello] "We are requesting political asylum because the approval of the military code would lead to the total extermination of the RN."

Colombian diplomatic authorities are reviewing the situation of the six persons, who remain at the South American diplomatic mission.

[Colombian Ambassador Jorge Villamizar] "We are evaluating everything, the information given to us and the request they are making. There are six persons. They entered peacefully, there has been no act of violence. Everything is normal inside the embassy. We can come and go as we please as you can see. There is no repressive action at this time. Everything is peaceful."

In view of the situation, Foreign Minister Ernesto Leal said that in Nicaragua there is freedom of expression.

[Leal] "I believe that if they are members of the RN party, the party will be able to make its demands civically. If they are from the Sandinist National Liberation Front [FSLN], the FSLN will be in charge. I believe we Nicaraguans must begin learning how to do things. We do not see any need to request political asylum because there is and there will be no political persecutions here at least while the government of President Violeta Barrios de Chamorro is in power."

Luis Arguello Ortiz, who is now at the Colombian Embassy, has a case pending in the justice system.

[National Police Chief Fernando Caldera] "One of the persons, who is now at the Colombian Embassy, had been arrested for committing a crime. These people are really not [word indistinct]. I believe there are dark elements in this organization. There are dark interests that must be [words indistinct] so that we can have an idea of [passage indistinct]."

It all seems to indicate that the occupation of the CIAV-OAS and the Colombian Embassy is part of a plan

and that is why the National Police have conducted operations in certain parts of the capital.

How does the National Police chief view this situation?

[Caldera] "There is obviously an attitude against the Nicaraguan Government, but it is not only against the Nicaraguan Government. We must remember that the Colombian Embassy and the CIAV-OAS offices have been occupied and that the next secretary general of the OAS will be the current Colombian President, Cesar Gaviria, who will replace Joao Baena Soares. There is obviously a manipulation [words indistinct]."

[Unidentified speaker] "What measures will be taken to...[words indistinct]?"

[Caldera] "We are currently conducting measures aimed at preventing further incidents from taking place. We have adopted measures. We have already taken to the streets. We have set up checkpoints, and we are patrolling the streets."

Presidency Minister Antonio Lacayo said the individuals who entered the Colombian Embassy and the CIAV-OAS are citizens who are violating the country's laws and international agreements. They cannot be members of the former RN because the former members of that organization have their dialogue channels with the government open.

[Lacayo] "The members of the RN have their legitimate representatives. These are Nicaraguan citizens who are violating the law. I do not see any RN member there. The young man called Luis Arguello was apparently not even a demobilized member of the RN. He is the one called Chispero. You know him. I do not think they have to [words indistinct] within the framework of the law. We have contacted the Colombian Government and the OAS to take coordinated action. They are Nicaraguan citizens, who are violating international agreements. No one has the right to occupy a diplomatic mission [words indistinct]."

Government Seeks To Remove Occupiers

PA2906195894 Managua Canal Cuatro Television in Spanish 0400 GMT 29 Jun 94

[From the "Extravision" newscast]

[Text] The former members of the Nicaraguan Resistance [RN] who this morning occupied the Colombian Embassy and the CIAV [International Commission of Support and Verification]-OAS offices have continued to demand that the government negotiate with Enrique Quinonez, a member of RN's Higher Council. This evening Government Minister Alfredo Mendieta said there would be no negotiations.

[Begin Mendieta recording] I would like to point out that Mr. Luis Ignacio Montiel, from Comalapa, Chontales, 37, was never a member of the RN as he claims. He participated in highway occupations in 1990 and, subsequently, was involved in considerable criminal activities. He was arrested for a murder in Nueva Guinea Department. According to his record, in 1980 he was charged with the murder of an Agriculture Ministry employee, and in 1991 he again participated in highway occupations and other acts of protest against the government.

Mr. [indistinct] Madariaga, 36, a former member of the National Guard and a former member of the [word indistinct], was discharged in December of the same year [as heard] and reenlisted in the National Guard in January 1979. He subsequently left the country and returned after the 1990 elections.

I have sufficient evidence to assert that there have been ties between these individuals and followers of Charrito and Northiel. Over the past week the two sectors even held conversations. [end recording]

The government minister also asserted that today's actions are linked to actions by Northiel and Charrito in northern Nicaragua. These actions, he said, are financed by Quinonez and other members of the former RN.

[Begin Mendieta recording] If Mr. Quinonez' involvement in today's incidents is clearly proven, and, if after today's meeting such ties are clearly established, Mr. Quinonez will be arrested. [end recording]

The government minister did not dismiss the possibility that the occupiers of the Colombian Embassy and the CIAV-OAS headquarters may be dislodged this evening.

[Begin Mendieta recording] I have asked the Colombian ambassador, through the Foreign Ministry, to authorize the police to dislodge them, and we are awaiting Colombia's answer. We are making the same request of the CIAV-OAS to immediately dislodge the occupiers. [end recording]

Ex-Contras Occupy INRA Offices

PA2906235894 Panama City ACAN in Spanish 2237 GMT 29 Jun 94

[Text] Managua, 29 Jun (ACAN-EFE)—Some 20 former contras occupied the offices of the Nicaraguan Institute for Agrarian Reform (INRA) in the city of Chinandega today, Wednesday, to support similar actions staged in Managua by two other former anti-Sandinist rebels.

One of the occupiers, who identified himself as "Commander Piloto," read a communique on a Managua radio station to announce that the peaceful occupation is part of the actions being carried out by fomrer contras to demand that the government fulfill the obligations in 1990 demobilization agreements.

"We are demanding that we be given land, credits for productive programs, housing, and security for our lives," the leader of the occupiers stated.

The occupation of the INRA building in Chinandega, 120 km west of Managua, is "in support of other brothers who maintain their demands" in Managua, stated the leader of the group. The group consists of 20 people, including men and women.

Since Tuesday, a group of former contras have occupied the headquarters of the International Commission of Support and Verification (CIAV-OAS). Six other former members of the Nicaraguan Resistance are occupying the Colombian Embassy, where they have requested asylum.

Nicaraguan authorities said today that they will not negotiate with the former contras. Authorities consider these acts of protest dangerous for the country's stability.

Former Resistance Commanders Reject Occupations

PA3006023394 Panama City ACAN in Spanish 2357 GMT 29 Jun 94

[Text] Managua, 29 Jun (ACAN-EFE)—A group of six former commanders of the former Nicaraguan Resistance [RN] today rejected the occupation by former contras of an OAS organization headquarters and of the Colombian Embassy in Managua to protest alleged non compliance with the agreement signed in 1990 for their disarmament.

The six former commanders, who said they represent the chiefs of the four war fronts of the defunct contra group, said during a news conference that the occupations are lead by Enrique Quinonez, "who never was a legitimate RN member."

They also appealed to the true former members of the Resistance, who are currently at the OAS International Commission of Support and Verification (CIAV-OAS) building and those who are at the embassy, to "not engage in actions that damage the organization's image."

In addition, they asked the government to comply with "what is lacking" in the agreements (Toncontin, Honduras; Olof Palme; and Hotel Las Mercedes) signed between 1989 and 1990 for the overall reintegration process of the demobilized and of the former contras.

Rodolfo Ampie, alias "comandante Invisible;" Luis Angel Lopez, alias "comandante Leonel;" Edgar Molinares, alias "comandante Richard;" Salvador Talavera, alias "comandante Esteban;" Jorge Avalos, alias "comandante Avalos;" and Erving Barberena, alias "comandante Oscar" are the former RN commanders who appealed to the occupiers to "think over their attitudes."

According to "comandante Invisible," Violeta Chamorro's government has only complied with 40 percent of the agreements on the delivery of over 400,000 manzanas of land (571,428 hectareas) to former contras.

More than 1,000,000 manzanas (1.4 million hectareas), as well as houses, work tools, and urban lots for the construction of homes are still pending delivery.

Other former contra chiefs indicated that at "Reparto 380" and "Hialiah" [temporary living facilities] in this capital the demobilized have not received materials for the construction of housing, while in the "Villa Reconciliacion," the houses lack electricity and potable water.

In addition, they pointed out that thousands of former contras, after returning to their places of origin and finding themselves without jobs, left behind their families again to go to Managua with the hope of solving their problems, but this has not happened.

The peaceful occupation for the second day of the CIAV-OAS is being lead by disabled commander Lorenzo Seledon, alias "Chispero," while the action at the Colombian Embassy is being lead by Jose Luis Arguello Montiel, alias "commander 002."

Government Minister Alfredo Mendieta accused the occupants of the diplomatic mission of committing crimes of extortion, threats, coercion, and kidnapping. He said the government will not negotiate with these people.

This afternoon, a lengthy meeting was held at the CIAV-OAS headquarters. Present at the meeting was Monsignor Eddy Montenegro, who was representing Cardinal Miguel Obando y Bravo. However, no representative of the Violeta Chamorro government was present. Also present at the meeting were Argentine diplomat Sergio Caramagna, CIAV-OAS general coordinator; Enrique Quinonez, representing the RN Superior Council, which consist of 57 leaders of the demobilized rank and file; and "Chispero." However, results from the meeting were scarce.

Today, approximately 20 demobilized and former contras occupied the offices of the Nicaraguan Institute of the Agrarian Reform in Chinandega, in the western part of the country, in support of the similar actions in Managua.

IMF Approves $173 Million Loan

PA2906193494 Managua BARRICADA in Spanish 25 Jun 94 p 5

[Text] The IMF Board unanimously approved yesterday a $173 million loan to Nicaragua to be dispensed over the next three years, the Presidency's Communications Directorate announced last night.

The IMF noted that among the reasons for granting the loan is the Nicaraguan Government's commitment to promote an economic program "that will achieve 3 percent real growth in the Gross Domestic Product next year," the source added.

The directorate added that "in a new commitment to Nicaraguan society the IMF sympathized with the social

conditions of Nicaragua's neediest" and that "the new ESAF [Enhanced Structural Adjustment Facility] includes programs to upgrade health and education," as well as a Social Investment Fund for the benefit "of the hardest hit" sectors.

The Social Investment Fund is aimed at "the most vulnerable segments of society" and will generate "more jobs, alleviate poverty," and upgrade the conditions of those hit the hardest by the war, the Directorate's communique indicated.

On another matter, the IMF said that "it has taken note" of the Nicaraguan Government's view on the need to restructure its foreign debt "under concessional terms." One can infer from this that the international financial organization would support the request the Nicaraguan Government will make along those lines in September when it goes to negotiate with the Paris Club.

In the September meeting, the government will ask that all the foreign debt stocks [preceding word in English]—probably as much as $500 million—be forgiven. Although the foreign debt to the Paris Club does not represent the bulk of what the government owes, it is important because the countries that belong to the Club are the ones currently granting the greatest volume of financial aid to Nicaragua.

In addition, the IMF loan to Nicaragua is in keeping with the signing of the ESAF and World Bank agreements, as well as with the results of the recently held meeting of the World Bank's Consultative Group.

Panama

Minister Cited on Freezing Haitian Bank Accounts

PA2906165094 Panama City LA PRENSA in Spanish 29 Jun 94 p 5

[Article by Manuel Alvarez Cedeno]

[Text] The Panamanian Government is waiting for a list that will be provided by the United States to decide if it will proceed to freeze the bank accounts held in Panama by the collaborators of the Haitian military regime, local diplomatic sources have reported.

U.S. Charge d'Affaires Oliver Garza met with Panamanian Foreign Minister Jose Raul Mulino on Monday to study possible measures against Haiti in the financial field in order to accelerate the departure of the Haitian military officers according to the UN resolution.

Foreign Minister Mulino said "I see no obstacle" in ordering the freezing of the bank accounts held by Haitians linked to the Raoul Cedras regime. He said, however, that "the action has to be in keeping with legal procedures based on reliable information with regard to the assets and the persons involved because the Attorney General's Office cannot happily send a vague note."

According to Mulino, this is a "very delicate" matter which, because of the responsibility it involves as it is handled in the banking sector, has to respond to a series of details and to a minimum of information so as to be able to comply with this additional sanction. In compliance with the resolution decreed by the United Nations against Haiti, Panama prohibited flights to and from the Caribbean island.

The diplomat explained that the collaborators of Haitian General Raoul Cedras in Panama have to be identified first because we cannot, in general terms, order the freezing of bank accounts of all Haitians who have opened one in Panama. This cannot be done because we could hurt someone. That is not the proper thing for a country to do, it must continue to respect the norms regulating such procedures, he added.

He explained, however, that if it is proven that there are Haitians with bank accounts in Panama who are linked to the Cedras regime, he would take the necessary steps so that the Attorney General's Office can proceed according to the law.

Argentina

Minister Cavallo Explains Provincial Situation

PY2906153994 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0059 GMT 29 Jun 94

[Text] Buenos Aires, 28 Jun (NA)—Economy Minister Domingo Cavallo today met with representatives of entrepreneurial and labor organizations. He explained that "the nation will not transfer more funds to the provinces" and gave a long explanation on the current federal revenue sharing scheme.

Cavallo talked about the administrative situation in the provinces. He reinforced his remarks with a study produced by the Finance Secretariat called "Distribution of National Resources to the Provinces" which includes figures updated to May 1994. It was handed out to those present at the Production Council meeting.

Those who participated in the meeting said the minister insisted that the nation is not to blame if the provinces do not have enough resources, making it clear that "the only way for the provinces to have enough funds is to collect more."

Participating in the Production Council meeting, among others, were entrepreneurial leaders Jorge Blanco Villegas (UIA) [Argentine Industrial Union], Eduardo de Zavalia (SRA) [Argentine Rural Society], Eduardo Escasany (Adeba) [Association of Argentine Banks], Carlos de la Vega (CAC) [Argentine Chamber of Commerce], Rolando Pietrantueno (CAI) [Argentine Industrial Council], and Manuel Cabanillas (CRA) [Argentine Rural Confederation].

Representing the labor organizations were Antonio Cassia, Carlos West Ocampo, Pedro Goyeneche, Jose Luis Lingeri, and Armando Cavallieri.

The sources said that Cavallo named Santa Cruz, La Pampa, and San Luis, in that order, as the best administered provinces.

Cavallo said Formosa Province "is making efforts," adding that Salta and Tucuman "have political problems." The minister said the governors of Misiones (Ramon Puerta) and Catamarca (Arnoldo Castillo) "are doing things well" and that Entre Rios Province is making "efforts."

Cavallo said Santa Fe and Cordoba "should not have problems." Cavallo did not mention Buenos Aires Province, which is Eduardo Duhalde's territory, during his assessment of the most important provinces.

Cavallo also talked about the transfer of pension funds to the nation, and anticipated that Santiago del Estero and Catamarca will decide in the next few days.

Regarding the choice of pension systems, Cavallo explained to entrepreneurs and labor leaders the reasons why the Economy Ministry postponed the date for choosing between the public and private systems, and the decision allowing the transitory affiliation [of undecided pensioners] to the National Bank Managing Company.

Cavallo concluded by talking about changes to the tariff system for agricultural products that will be in effect as of 1 January 1995. It establishes a system similar to the one industrial products have now.

The Council will meet again in two weeks to analyze, among other things, the opinions of entrepreneurs and labor leaders on the tariff proposal.

Brazil

Finance Minister Meets U.S. Commerce Secretary

PY2906215494 Rio de Janeiro O GLOBO in Portuguese 29 Jun 94 p 19

[Text] Brasilia—Finance Minister Rubens Ricupero yesterday assured U.S. Secretary of Industry and Commerce Ronald Brown that the Real Plan will intensify commercial relations between Brazil and the United States. According to the minister, this will be accomplished through the reduction of import and export tariffs.

Brown admitted that the United States no longer buys 25 percent of Brazilian exports because of the conflicts between the steel and juice exporters of the two countries, which gave rise to investigations into dumping practices (sales at prices below cost) and mutual retaliation. During a visit to the Mines and Energy Ministry, Minister Alexis Stepanenko asked for Brown's mediation in the matter in favor of Brazil.

Ricupero and Brown also addressed the Varig [Rio Grande do Sul Airline] financial crisis. The finance minister said he had sent a letter to U.S. Treasury Secretary Lloyd Bentsen asking him to mediate with Eximbank over the renegotiation of a $600 million debt that Varig owes the bank.

Brown said he considers Brazil one of the world's 10 largest emerging markets, and that the United States wants to participate in the Amazon Region Surveillance System (Sivam). Ricupero said the Brazilian Government does not have enough money to finance the project by itself.

Lula's Presidential Coordinator on Fiscal Adjustment

PY2906152194 Buenos Aires CLARIN in Spanish 26 Jun 94 p 22

[Text] Sao Paulo (By Special Correspondent Ismael Bermudez)—Just before traveling to the United Kingdom to explain to the "City" of London what Lula [Brazilian Workers Party, PT, presidential candidate Luiz Inacio Lula da Silva] will do if elected president in October, Jorge Mattoso, Lula's presidential platform coordinator, held a long talk with CLARIN. He said Lula

will respect the Brady Plan agreement, honor domestic debt obligations, will not privatize the petroleum or telecommunications areas because they are considered strategic, will gradually hike minimum wages through negotiations with trade unions and entrepreneurs, and will promote integration and trade with Argentina. Mattoso emphasized that Brazil will not surrender its industry and that the current conflict with Argentina revolves around this point.

[Bermudez] Does the PT support the Real Program?

[Mattoso] No one knows what the Real Program is. No one knows if there will be a fixed dollar exchange rate, or for how long. No one knows what will happen to interest rates ...

[Bermudez] Nevertheless, from what is actually known ...

[Mattoso] Foreign exchange rates, public rates, and wages will be frozen for at least a year and there will be very high real interest rates. For the PT, this policy will not guarantee a stable reduction of inflation ...

[Bermudez] Do you or do you not support it?

[Mattoso] No, we do not support it.

[Bermudez] What do you propose instead?

[Mattoso] We propose a number of policies in which the fiscal problem plays a leading role. The Real Program does not make a significant fiscal adjustment.

[Bermudez] What does a fiscal adjustment involve for you?

[Mattoso] It involves guaranteeing state incomes and expenditures without inflationary effects. It involves a tax reform because the current tax policy is retrogressive and tax evasion is overwhelming.

[Bermudez] Celso Furtado, a noted economist and UN consultant, says the burdensome domestic debt and its accelerated growth are behind Brazilian inflation and that this situation began when the government became the foreign-debt guarantor.

[Mattoso] The domestic debt is a significant inflationary element. Last month it grew 7 percent in real terms and this always happens when interest rates are high.

[Bermudez] So what do you propose for the domestic and foreign debts?

[Mattoso] The domestic debt is not as significant as in past years. It represents 15 percent of the GDP, about $50 billion. This would be manageable if interest rates are reduced.

[Bermudez] And how will interest rates be reduced?

[Mattoso] By implementing a fiscal adjustment. The problem is that a large portion of this debt is very short term—seven day terms, even 24-hour terms. It is necessary for us to change this.

[Bermudez] Must interest rates be positive in real terms, involving a financial cost for manufactures and consumers, in order to achieve this goal?

[Mattoso] Of course, it must be positive, but not 80 or 120 percent as it is now.

[Bermudez] Will the PT honor domestic and foreign debt payments?

[Mattoso] Yes. We will respect the foreign-debt agreements recently approved by Congress and also the domestic debt.

[Bermudez] And what about wages?

[Mattoso] We have a commitment with the workers to improve the standard of living, but this does not mean it will be done through wage hikes alone.

[Bermudez] Minimum wages are about $65 per month and are collected by 30 percent of the labor force, while prices are at international levels.

[Mattoso] We propose gradual and real wage increases in order to double them.

[Bermudez] In what period of time?

[Mattoso] We don't know. It depends on negotiations between entrepreneurs and trade unions.

[Bermudez] What is the cost of living for an average family in Sao Paulo?

[Mattoso] About three minimum wages, about $200 per month.

[Bermudez] Does the fiscal adjustment include privatizations?

[Mattoso] We reject former President Fernando Collor de Mello's nefarious measures because he privatized without matching the funds, he merely swapped the debt. Privatized enterprises fired workers both before and after privatization. State monopolies became private monopolies. Privatizations make sense only if investments are increased. This has not happened so far. We believe the state must maintain the petroleum and telecommunications industries because they are strategic. It is possible to increase private participation in other areas through various mechanisms, joint ventures, and even privatization. In the energy area, we would like new investments, which may come from private companies. We need national and foreign capital, which must be channeled toward areas where investments are required.

Congressional Recess Canceled To Debate Budget

PY3006025994 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 29 Jun 94

[Report by Betty Veloso from Congress]

[Text] The July congressional recess has been canceled. The national Congress will summon itself for 30 days, beginning 1 July. This decision was made by the leaders of the political parties and the presidents of the Chamber of Deputies and the Senate.

The objective of the so-called self-summoning during the congressional recess period is to allow debate and voting on the 1994 budget. Chamber of Deputies President Inocencio Oliveira asserted, however, that the congressmen will not be paid any extra salary.

[Begin Oliveira recording] There is a legislative decree establishing that an immediate summoning after congressional work ends does not entitle the congressmen to any extra compensation. This is why I see no reason to pay the congressmen for their work after this congressional self-summoning. [end recording]

Although the recess has been canceled, the deputies and senators will only actually be working from 19 to 21 July, when the 1994 budget will be voted on in a plenary session. According to the president of Chamber of Deputies, the Budget Guidelines Law for 1995 and the 16 provisional measures on the agenda will probably be voted on tomorrow.

Franco Orders Urgent Action on Infant Mortality

PY2906225594 Sao Paulo AGENCIA ESTADO in Portuguese 1528 GMT 29 Jun 94

[Report by Tania Monteiro]

[Text] Brasilia, 29 Jun (AE)—President Itamar Franco has given his ministers 48 hours to give him an answer on the need to declare a state of public emergency in the northeastern region because of the high level of infant mortality registered in these states. Tomorrow the ministers connected with the matter will meet at the Planning Secretariat to define priority actions and the resources required to fight the high level of infant mortality in the region.

Health Minister Henrique Santillo has just reported at Planalto Palace that the following actions will be implemented: extending the school snack service to children older than five to every day of the school year; supplying basic medicines to health posts; expanding the family health program, bringing doctors to 434 counties of the region; and increasing from 30,000 to 50,000 the number of community agents in charge of supporting medical assistance services.

States To Exchange Papers for Bank Certificates

PY2906144194 Sao Paulo GAZETA MERCANTIL in Portuguese 27 Jun 94 p 7

[Excerpt] State governments will be signing, as of today, contracts to exchange domestic public debts, involving nearly $16 billion, for Central Bank [BC] Certificates (LBC).

The States of Rio de Janeiro, Rio Grande do Sul, Minas Gerais, and Bahia are responsible for 90 percent of this debt. Luiz Gustavo da Matta Machado, chief of the Department of Banking Operations [Departamento de Operacoes Bancarias—Deban], said the contracts will probably be signed at the BC regional offices.

The exchange will be made through the partial or total replacement of State Treasury Financing Bonds [Letras Financeiras dos Tesouros Estaduais—LFTE's] for 28-day LBC's. The exchange will be partial or total depending on the volume offered by the states. The BC will accept compulsory deposits of state banks and credits that these institutions have to collect from credit operations with the private sector. The Deban chief explained that these guarantees must be equivalent to at least 100 percent of the value of the rescheduled debt.

The states must also redeem the equivalent of 0.21 percent of the replaced debt.

Machado said certificates with the longest terms must be redeemed first. "This is not written anywhere," he said, "but it was agreed." Once exchanged, the LFTE certificates will be held in suspense in the Special Liquidation and Custody System [Sistema Especial de Liquidacao e Custodia]

The operations will initially have a 28-day term, but may be repeatedly renewed until the BC decides the liquidity of the economy is again stable. Matta Machado explained that the measure was adopted to reduce the cost of rescheduling certificates. The reason behind the move is that in times of reduced liquidity, banks charge state governments a surtax of up to 5 percent per month to compensate for the "risk" of purchasing certificates. [passage omitted]

Chile

Frei Arrives From U.S., Comments on Trip

PY2906174894 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 29 Jun 94

[Report by correspondent Mauro Lombardi from the Santiago International Airport]

[Text] President Eduardo Frei returned to Santiago just a few minutes ago. He was welcomed at the airport by acting President German Correa, Government Secretary General Rebolledo, Defense Minister Edmundo Perez Yoma, and Interior Ministry Under Secretary Belisario

Velasco. Frei immediately resumed his presidential duties during a ceremony at the airport.

President Frei commented on his talks with U.S. President Bill Clinton in Washington, particularly regarding an eventual signing of a free trade agreement with the United States.

[Begin Frei recording in progress] ...issues pertaining to the free trade agreement. The U.S. President very clearly stressed that the United States wants to listen to what we have to say, to learn Chile's position.

We decided that Chilean Finance Minister Eduardo Aninat and U.S. Trade Representative Mickey Kantor will submit a specific proposal to us so we may achieve a free trade agreement with the United States. The trade treaty to be signed will be best for Chilean interests. This is what we agreed. We gave them a detailed briefing about our possibilities, our situation, and Chilean interests. [end recording]

President Frei explained that this proposal will be submitted in the next couple of months, prior to the Miami Summit. It is not clear if Chile will join NAFTA or achieve a bilateral free trade agreement. President Frei left the airport a few minutes ago and is now on his way home. He has no official activities scheduled for today because it is a national holiday.

Experts Say Dollar Drop Not To Affect Economy

PY2906175094 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 29 Jun 94

[Speakers identified by screen captions]

[Text] Chilean financial experts and businessmen have stated that the drop in the value of the dollar will not affect the Chilean economy. The international market has been shaken by the drop in the value of the dollar against the Japanese yen and the German mark. A total of 17 central banks were unsuccessful in preventing this drop, the most severe in 50 years.

How does all this affect Chile? Experts agree that the situation will not have a great impact on the Chilean economy in the short term. They add that it may even be beneficial to our economy because the Chilean foreign debt is currently less than it was.

[Begin acting Finance Minister Manuel Marfan recording] Chile is a debtor country in international markets so a dollar drop will have an overall favorable effect. Our debt is less if the dollar is worth less. [end recording]

Businessmen agree with this view but if the dollar continues to drop, the United States will be compelled to adopt measures to halt it. The most feasible means to achieve this is by increasing U.S. interest rates to make the purchase of dollars more attractive and thus increase its value.

[Begin Production Confederation President Juan A Guzman recording] As interest rates increase, our servicing of the Chilean foreign debt will also increase, which will influence our economy. [end recording]

The exporters situation is not that critical either. Half of Chilean exports are shipped to Asia and Europe and the value of the currencies in these countries is increasing.

Colombia

Pastrana Claims 'Misinformation' on Tape Disclosure

PA2906154294 Santa Fe de Bogota EL TIEMPO in Spanish 26 Jun 94 p 10A

[Quotation marks as published]

[Text] Yesterday, Andres Pastrana, former presidential candidate, assured that he was not responsible for making public the cassettes with the conversations of reporter Alberto Giraldo and the chiefs of the Cali Cartel. He claimed there is a misinformation campaign being waged against him. His office released the following statement yesterday:

"Former presidential candidate Andres Pastrana Arango has sent the following communique from Miami, where he currently is, given the misinformation campaign which involve several written press and audiovisual media.

1. I reiterated that once the cassette with the so-many times referred to dialogue was in my hands, I immediately asked for an meeting with President Cesar Gaviria, also suggesting that Defense Minister Rafael Pardo be present. I delivered it to him in his capacity as the nation's top leader and guarantor of the electoral process' honesty and told him I was not making any charges because I could not verify the authenticity of the tape, because I could not identify the speakers, and because I have not information on the veracity of matters outside my own campaign.

2. As noted in a 20 June Defense Ministry communique, the presidency delivered the cassette the following day [word indistinct] June to Prosecutor General Gustavo De Greiff and to candidate Samper Pizano.

3. Respecting the mutual trust we have with the president, we kept the existence of the tape in strict confidence, as I was aware of the government's steps to clear up this matter.

4. On Tuesday, 21 June, the "Seven O'Clock Newscast" and "24 Hours" newscast at 1900 and the "CMI Television" and "QAP Television" newscasts at 2130 aired portions of the text of the mentioned tape. I do not know who delivered the tapes to them, but I did not. This can be verified by the directors.

5. On Wednesday, 22 June, EL TIEMPO published, with few omissions, the contents of the tape. This was the first newspaper to do so. I do not know who delivered such an important document to them; it was not me either.

6. Therefore, I called a news conference, among other reasons because of the persistent requests of editorial and column writers to disclose the evidence related to my prior statements. At that time, I played the parts that EL TIEMPO had published and I answered questions about my campaign and on other things the reporters were interested in.

7. Precisely three days before the elections, I invited my opponent Ernesto Samper Pizano to agree, which I reiterated the day I recognized his victory and again after the news conference, that if it was PROVEN that the campaigns had received drug trafficking money, which would discredit the electoral process, we would not receive the credentials as chief of state as we would seriously contaminate Colombia's democracy. I believe no honest compatriot could disagree with this scoop, which as I said from day one, I hope is not confirmed.

Justice Minister: Samper Committed to Drug Fight

PA3006031394 Santa Fe de Bogota EL TIEMPO in Spanish 27 Jun 94 p 6A

[Text] President-elect Ernesto Samper's statement that during his administration, he will not allow the return of narcoterrorism generated optimism about the future of the drug struggle.

The Gaviria government expressed its confidence that the president's successor will successfully carry out the all-out crusade against criminal organizations that profit from narcotics trafficking.

On Saturday, before traveling to the United States and Spain, Samper stated that during his administration, Colombia will demonstrate it is an honorable and courageous country and that it is the victim and not perpetrator of narcotics trafficking.

Yesterday, the government, through Justice Minister Andres Gonzalez Diaz, said Samper's attitude "comforts all respectable people in this country and makes it clear to foreigners and nationals that Colombia will keep its commitment to defeating the corrupting and intimidating power of organized crime."

The minister added that the measures aimed at facilitating the clear-cut action of police and security forces to apprehend drug traffickers, as well as the due application of appropriate sentences in line with the seriousness of their offenses and the penalization of money laundering, are clear indications of the new government's resolve to face the serious threat of drug trafficking in all areas.

Army Captures Guerrilla Carlos Arturo Velandia

PA3006044794 Santa Fe de Bogota EL TIEMPO in Spanish 26 Jun 94 p 27a

[Text] Yesterday, the Colombian Army dealt guerrilla organizations another hard blow. The fourth highest ranking leader of the Army of National Liberation (ELN) was captured in a house in the southern part of Santa Fe de Bogota. Official reports said the guerrilla leader was identified as Carlos Arturo Velandia, alias "Felipe Torres".

Army spokesmen said the guerrilla leader is fourth in the ELN's chain of command, following the priest Manuel Perez, alias "Gabino", and Luis Fernando Orozco Ortega, alias "Ramiro" [as published], who is also under arrest.

The Army said Felipe Torres, who was captured yesterday morning by the Army 8th Brigade, is an explosives expert. Army spokesmen said Velandia, or "Felipe Torres", was responsible for planning and directing the attack against Finance Minister Rudolf Hommes Rodriguez. The 17 January attack, which took place at Calle 26 and Carrera 5, was ordered by Velandia and was carried out by a guerrilla group whose mission was to disrupt the elections.

The sources said the rebel was trained to handle explosives in Vietnam and that he is responsible for introducing the use of the "quiebrapatas" booby traps in Colombia.

Velandia had been assigned by the ELN's high command to lead the guerrilla group in charge of sabotaging the elections. The sources said this group was dealt a harsh blow when the 8th Brigade captured four of its members following the attack on Finance Minister Rudolf Hommes Rodriguez. A few weeks later, the Army seized approximately 50 kg of dynamite the ELN had in preparation for its offensive against the elections in Santa Fe de Bogota.

Velandia was transferred yesterday to the 15th Military Police Batallion located in northern Santa Fe de Bogota. He was placed under the jurisdiction of the prosecutor assigned to the 8th Brigade.

The capture of Velandia is the second harsh blow dealt to the guerrilla organization this year. The first was on 12 February when eight people accused of belonging to the ELN's high command were captured. Army sources said among them was the ELN's third in command Luis Fernando Orozco Ortega, known as "Ramiro", and Cesar Augusto Martinez Gomez, alias "Enrique", who is said to be in charge of finances for the rebel group lead by Father Perez. Perez has reportedly planned to kidnap well-known people, including presidential advisor Jaime Betancur Cuartas.

Column Reviews Cali Cartel Strategy, U.S. Concerns

PA3006004394 Santa Fe de Bogota EL TIEMPO in Spanish 26 Jun 94 p 13A

[From the "Current Affairs" column]

[Text] Following the death of Medellin Cartel leader Pablo Escobar, the Cali Cartel has tripled the size of its empire. It now controls 85 percent of Colombia's cocaine exports, especially to Europe. Moreover, it has gradually extended its reach into Russia and Asia.

The Cali Cartel has gradually seized territories that had been exclusively Escobar's. To accomplish this, the Cali Cartel simply continued using its usual strategy, which is nothing like the strategy of its former rivals. This cartel operates differently. In the opinion of many, it is "more polite," which does not mean less dangerous. This perception may have resulted, in part, from the discovery of the narcocassette of conversations between journalist Alberto Giraldo and alleged drug traffickers Gilberto and Miguel Rodriguez Orejuela.

Unlike the Medellin Cartel, the Cali Cartel does not resort to frequent press communiques or publicity events like those staged by Escobar.

The Valle mafia leaders have not sought confrontations with the authorities as the Medellin Cartel did. They have taken a back seat in public, which does not mean to say they have taken a back seat in the management of their money laundering or cocaine businesses. They have shown no interest in occupying positions of power as Escobar did. Moreover, their strategy does not include the constant use of terrorism to achieve their goals.

Even a document on drug trafficking in Colombia delivered by DAS [Administrative Department of Security] Director Fernando Brito to the Italian drug authorities said the Valle mafia is outstanding in terms of "its business-like command structure and its decentralization."

Despite its modus operandi of maintaining a low profile following Escobar Gaviria's death, the U.S. Government said through U.S. Ambassador to Colombia Morris D. Busby that "now the Cali Cartel must follow."

It was clear, beginning on 2 December 1993, that attention would focus on the Cali Cartel. Therefore, it is believed that if one-third of U.S. resources for the international struggle against drugs are to be used to dismantle the drug cartels, the focus will be on the Cali Cartel. "We must focus on the Cali Cartel," says drug czar Lee Brown.

Under these circumstances, the issue of the possible surrender of the Valle Cartel was revived with renewed strength. In October 1993, rumors of a surrender began to take shape, and organizations in Valle, Antioquia, along the coast, and in Santander announced that nearly 300 people who claimed to control 70 percent of the market in United States and Europe were willing to surrender to the authorities.

Between 11 and 14 January, however, when three leaders of the cocaine trade in Valle appeared at the office of Prosecutor General Gustavo de Greiff, negotiations got under way.

What was thought to be the beginning of the surrender of the Cali Cartel ended in controversy when the U.S. Government not only described the prosecutor's attitude as "questionable," but also suspended its cooperation in exchanging evidence and asserted that the Colombian drug lords were manipulating the legal system through bribes and intimidation. The United States also criticized the sentences the Prosecutor General's Office gave the drug lorgs who surrendered to justice, characterizing them as too lenient.

Controversy was also generated by De Greiff's proposed legalization of drug consumption and the conditions he established for the Cali Cartel's surrender, which included possible house arrest. Although De Greiff pursued the negotiations alone, the Justice Ministry and DAS intervened to warn that house arrest could not be part of the surrender policy.

In response to remarks by the justice minister and DAS director, De Greiff said house arrest was legal. From that point on, other decisions by the prosecutor heated up the atmosphere. Among these decisions were his interpretation of an article in the Penal Code and the guarantees given by the Prosecutor General's Office to three Cali Cartel drug traffickers.

Justice Minister Andres Gonzalez wrote a letter to De Greiff to warn him that "there may be legal maneuverings" behind the surrender of drug traffickers who, without confessing their crimes, would "deceitfully" try to have investigations initiated against themselves. Anyone who surrenders to justice, he said, must confess their crimes. The prosecutor responded, "I am too big a boy to have the justice minister protect me from deceit."

Now, with the release of the narcocassette and in light of the Cali Cartel's strategic modus operandi, the controversy continues. This controversy is equal in size to the controversies Escobar created in his time because this one involves the president-elect, the defeated presidential candidate, the country, and the international community.

Coffee Industry Prepares for Domestic Price Hike

PA3006031494 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 29 Jun 94

[From the "Seven O'Clock Newscast;" speakers identified by caption]

[Text] The international price for a pound of coffee is nearing the $2 mark, and this price is causing an uproar in Colombia. Everything seems to indicate that within

the next few hours, the government and coffee growers will agree on the new adjustment for domestic prices. Coffee exporters and the National Federation of Colombian Coffee Growers [FEDECAFE] agree that one can talk of higher prices, but not of a bonanza.

[Begin recording] [Coffee Exporters Association President Gabriel Rosas] It is not as if we are going to be rolling in gold or ready to leave tomorrow for Wonderland.

[Unidentified reporter] The odd thing about these prices is that we have no coffee.

[Rosas] That is true. This is not the harvest season, and therefore, there is no production. [end recording]

The coffee shortage in the domestic market has been caused by three things: the current crisis, the stalk-borer, and a lack of incentives. With today's higher price, a new horizon has opened. Coffee industry officials are now studying the size of what will be the fourth adjustment in domestic coffee prices in the first half of the year.

[Begin FEDECAFE General Manager Jorge Cardenas recording] There is room for higher prices for farmers. We will implement this prudently. We will study the situation. Fedecafe has been reviewing the situation, and the finance minister is certainly reviewing it. At tomorrow's meeting, we will reconcile our positions. [end recording]

The new domestic adjustment will curb hoarding and contraband that could take place with the increase in the international price of coffee.

Correction to Tape Indicates Campaigns Financed by Drugs

PA2806123394

The following correction pertains to the item headlined "Tape Indicates Campaigns Financed by Drug Money," which appeared in the 22 June Latin America DAILY REPORT, pages 35-36:

Page 35, column two, paragraph one, sentence two, reads: ...tomorrow. (new paragraph)

The contacts that smeared the political campaigns... (rewording)

Page 35 to page 36, column two to column one, paragraph two, sentence two, reads: ...to cover expenses to conclude the campaigns. They... (rewording)

Page 36, first partial paragraph, last sentence, through paragraph six make read: ...reasons. (new paragraph)

[Begin recording] [Rodriguez] The man urgently needs money. (new paragraph)

[Giraldo] Who? (new paragraph)

[Rodriguez] The man. (new paragraph)

[Giraldo] Eduardo? (new paragraph)

[Rodriguez] Yes. (new paragraph)

[Giraldo] He already sent us an emissary. (new paragraph)

[Rodriguez] [Words indistinct] (new paragraph)

[Giraldo] Yes, yes. ...(changing identity of speakers, rewording)

Page 36, paragraph nine, sentence two make read: ...that are basic appointments, right? (new paragraph)

[Giraldo] Yes. ...(changing word "command" to "appointments")

Page 36, paragraph seventeen, sentence one make read: ...us that day. (new paragraph)

[Rodriguez] Yes, I heard him... (providing editorial notation identifying new speaker, supplying dropped word "yes")

Page 36, paragraph seventeen, sentence three make read: ...need 5 billion. (new paragraph)

[Giraldo] They already have... (providing editorial notation identifying speaker)

Ecuador

Agriculture Minister: Agrarian Law To Stand

PA2906225694 Quito Voz de los Andes in Spanish 2300 GMT 28 Jun 94

[From the "The Voz Andes Newscast"]

[Text] Agriculture Minister Mariano Gonzalez Portes has warned that the current agrarian law will not be repealed. He believes a dialogue with the Indian sectors is necessary and he hopes several Indian representatives can join the talks to be held on Thursday.

[Begin Gonzalez recording] We have been consistent about this. We believe that when we wanted to hold a discussion they did not want to attend the meetings. They waited for the issue to continue advancing, as it did. You know the bill the president submitted was turned town. Another bill was drafted in the Congress. Regardless of any comment we may make at this point, the bill was discussed to some extent. Although we asked to have input in the bill, that did not happen. I do not think it is advisable to talk of another law or amendment. You know the president of the Congress and the president of the Republic are prepared to clarify the law. Through the regulations we are drafting, we will ask a large number of people to participate so that the document is amply discussed and so that it is as balanced as possible to appease the people from the Indian sector. [end recording]

The official indicated that the government and cabinet members will respect the decision by the Constitutional

Chamber of the Supreme Court of Justice on whether the agrarian law is constitutional or not.

Minister Comments on Mobilization, Referendum

PA3006040294 Quito Voz de los Andes in Spanish 2300 GMT 28 Jun 94

[From the "The Voz Andes Newscast"]

[Text] Government Minister Marcelo Santos has warned that the National Mobilization Decree will be rescinded only when peace and security return to the country.

[Begin Santos recording] The government has the basic duty to maintain order, tranquillity, and peace in the country; provide security for all of its citizens; and guarantee their lives and property. As long as we are mired in this situation, and as long as the situation warrants, the mobilization decree will remain in effect. If things are settled within the next few hours, we will issue the appropriate decree rescinding it. [end recording]

In addition, Santos welcomed the decision by the United Workers Front to call off the strike originally slated for Tuesday, 28 June.

[Begin Santos recording] We think this is a highly positive sign of maturity. If we are going to enter a period of talks, holding an intransigent position runs counter to the aspirations all Ecuadorans must have. [end recording]

He also said several Indian representatives will definitely participate in negotiations to discuss the Agrarian Law, because one person alone cannot represent this group, as Conaie [Confederation of Indian Nationalities] has said.

Meanwhile, negotiations between the government and the Supreme Electoral Tribunal [TSE] continue on holding a referendum. Government Minister Santos said the referendum will be held on 7 August. He added that negotiations are continuing.

[Begin Santos recording] The country is demanding the amending of the Constitution. No sector has denied this. I would daresay that no news media, no opinion maker, and no political leader has failed to see the need for amending the Constitution.

Granted, we have differences on the scope of the Constitution's amendment. Some want an overall amending of the document, while others say it is sufficient to amend a few articles. Everybody, however, wants the Constitution amended. The best path, based on experience and the difficulty in garnering two-thirds of the votes in Congress, will be to choose a president for a constituent or constitutional assembly. In order for a constitutional assembly to function, we need to establish rules.

Everything revolves around one issue. If the TSE encounters problems, we are not going to take a hard-line position of saying the referendum must have just one question. This does not mean that this is how it should be. In fact, the question could be posed just as the president has suggested. [end recording]

Santos added that he feels five TSE members cannot inhibit the will of 11 million Ecuadoreans, stressing that a constituent or a constitutional assembly is legal. The referendum will be held on 7 August.

Peru

Fujimori Meets Ecuadoran, Bolivian Presidents

PY2906190794 Lima EL COMERCIO in Spanish 17 Jun 94 p A4

[Text] Iquitos, 15 Jun—President Alberto Fujimori attended the Fourth Ibero-American Summit in Cartagena de Indias, Colombia. During the summit he held bilateral meetings with his Ecuadoran and Bolivian counterparts, Sixto Duran Ballen and Gonzalo Sanchez de Lozada, respectively.

Regarding his meeting with Duran Ballen, Fujimori revealed that they studied proposals by the Ecuadoran president to extend some border roads to increase trade in the zone near Sullana.

Fujimori said: "A highway is being built in Ecuador and there is a plan to link it to a road on the Peruvian side. No other issue besides this was discussed."

He said that he and his Bolivian counterpart discussed the creation of a development center in the southern region around Ilo, Tacna, Matarani, and Desaguadero.

Fujimori said: "I heard several proposals. As a first stage Peru will finish the Ilo airport, which I hope can be dedicated during the official visit of President Sanchez de Lozada, and finish some segments of the Desaguadero-Ilo highway. The talks on these issues will continue early in July."

Fujimori is satisfied that the integration of Latin American countries is no longer rhetoric among presidents and that this situation was reflected during the summit.

He added: "We are trying to create a Latin American bloc to counterbalance other world blocs. Peru is moving ahead economically in search of competition, and in a macroeconomic and stabilization policy to enable us to integrate with the Andean Group first, then with Mercosur [Common Market of the South], and eventually with the entire Latin American group."

Fujimori said that everyone agrees political corruption is a scourge which, along with terrorism, can destroy a nation.

Regarding the summit position on the trade blockade facing Cuba and Haiti, Fujimori said no conclusion was reached.

APRA Leaders' One Goal: Fujimori's Defeat

94P2029A Lima LA REPUBLICA in Spanish 16 Jun 94 p 10

[Unattributed article]

[Excerpt] APRA [American Popular Revolutionary Alliance] leaders Agustin Mantilla, Mercedes Cabanillas, and Jorge del Castillo have confirmed that the party is opposed to any kind of agreement with the Fujimori government. They say that the party plan is to defeat Fujimori in the coming elections.

"As long as Fujimori remains a dictator APRA members are opposed to him and will work to prevent his reelection and dictatorship," Mantilla, party secretary, said. "Fujimori has been campaigning ever since the coup of 5 April, because reelection and his economic reform model were the principal reasons for his coup."

Mercedes Cabanillas declared that "there neither is nor will be a pact or an alliance with a person who has sacrificed our people for the sake of transnational neoliberal interests and the International Monetary Fund."

She said that no understanding exists with persons who practice a "denationalization that auctions off our economic heritage without at least defining a basic strategy concept that would recognize the fundamental role of the state, as they have in Mexico, Chile, Brazil, and Japan."

Cabanillas said that the people will know to elect a "distinct, solid alternative for an era of economic growth with income redistribution and social justice in a climate of true pacification. All this," she added, "without any secret agreements with terrorists, which the latest releases of subversives would indicate."

She demanded that Fujimori inform the country of the contents of conversations and agreements that government representatives are believed to have had with the Shining Path leader. "This would explain the subsequent release of dangerous subversives. Either way, he has an obligation to tell the nation the truth."

Mantilla and del Castillo were not surprised by President Fujimori's statements in Colombia, in which he denied any agreement with APRA. The leaders said that the party's aim is to fight against the government and that this will be formally ratified at the upcoming party congress.

Mantilla said that APRA voters are opposed to arrangements made with special-interest groups who ignore such issues as the restoration of democracy, human rights, and modification of economic policy.

"Fujimori's statements are spiteful because of the staunch opposition APRA voters have taken to his reelection," Mantilla said.

He further criticized Fujimori for blaming all the country's disasters on the previous government while taking full credit for all the successes. "To blame the previous government for Peru's problems is ridiculous, because we all know that the country's problems are very old," he stressed.

Del Castillo said that Fujimori's clarifications were not necessary since APRA and former President Alan Garcia had already denied that there was any kind of agreement with the government. [passage omitted]

Uruguay

Economy Minister Views Economic Reality

PY2906200094 Montevideo BUSQUEDA in Spanish 23 Jun 94 pp 24, 26

[Text] Speaking during a luncheon of the Christian Association of Business Executives (ACDE) on 22 June, Economy Minister Ignacio de Posadas skirted round the subject of the current economic situation and adopted an almost philosophic viewpoint, mixed with a smidgen of pessimism.

"The main problems facing Uruguay are either not directly economic (like education) or go beyond this aspect as far as their root cause is concerned (like the case of Social Security)," he noted.

Having made it clear that he was speaking personally, de Posadas sought "to attract attention to some substantive subjects, which will be converted into decisions that the next administration and his successor must confront."

Regarding the economy, the minister said "Uruguay is in a very good position" to face the future. He asserted that "five years ago, the situation was one of economic stagnation, domestic and external over-indebtedness, a huge fiscal deficit, and strong protectionism. We were lurching toward hyperinflation." He added: "Within this negative and unfavorable context, it was necessary to impose a fiscal adjustment; to put the government's finances on a firm footing; to open and deregulate the economy; and to reform certain basic structures in the country."

Following that introduction, de Posadas described the current situation: "Production is increasing; so are investments, although at a slower pace than in previous years; (...) inflation has been rolled back to a third of its peak and keeps going down; the tragic problem of Uruguay's external debt is only to be found in the minds of some nostalgic individuals," adding: "The economic transformation process (...) is under way."

De Posadas recalled that "some extremely important decisions" are still pending.

Presenting the panorama of a political and institutional situation, the minister pointed out that "the picture here is less encouraging." He considered: "Regardless of which party wins at the poll in November, the results will once again produce a complex jigsaw of parties that are in turn subdivided into groups and sectors which, once

inserted into the country's institutions, make their appropriate control very difficult if not impossible."

De Posadas said the "constitutional structure and political practice in terms of election results" give rise to situations that do not lend themselves "to innovative change."

"This is a breeding ground for two political phenomena that are inextricably intertwined (...): A strengthening of what we could call self-confidence within some lobbies to the point where, in some cases, they have no respect for the institutions or for the principle of authority or hierarchy (...) or; impatience, disbelief, and lack of respect for the entire system, its components, and its players."

He stated: "We have now arrived at this point." He added: "Not long ago, from a similar platform and in the face of generalized passiveness, the country pursued the mirage of another system of government and institutionalism," recalling that "while this possibility is not among Uruguay's future perspectives, the embryo of the idea exists and it would be very dangerous to ignore it."

De Posadas referred to the attempts to amend the Constitution and contended: "The root of the problem does not lie there; therefore its true solution does not lie there either. The root cause is much deeper and can be traced back to our culture."

He argued that "the Uruguayan situation currently shows us a society divided (...) into two—liberals and neoconservatives; advocates of laissez-faire and neosocialists (there is always a 'neo')." "Always the 'good guys' against the 'bad guys,'" he said ironically.

He referred to the "collapse" of the socialist ideology, adding that "the worldwide failure of the so-called real socialism had little effect on the roots that nourish the way of thinking, indeed, the feeling of a considerable number of Uruguayans." He said: "We should not be surprised at the soft landing of socialism in Uruguay if we remember that the terrain was fertilized by the Hapsburg-Spanish bureaucratic centralism, with its contempt for the economic-mundane and for generalized Batllism."

He believes these ideas "do not conform to reality," and consequently give rise to "permanent dissatisfaction, tension, confrontation" that result in "a divided society."

While offering "substantive proposals," the economy minister recalled that "a bloated state" precludes development. "We Uruguayans are dissatisfied with the state and disappointed at how it is run (the government). Nevertheless, we do not accept that the solution is to reduce the entire state apparatus, (...) because this does not just imply more rights for me as individual, it implies something more complex—greater freedom."

De Posadas thus mentioned elements that he included in "our cultural heritage," such as "solidarity," which "is one of its untouchable truths." "What is the solidarity that is being proposed to us, and which we passively accept, and what are its implications?" he wondered. "Is it a solidarity springing from love for one's neighbor, which is necessarily translated into personal responsibility and sacrifice for those who accept it? Or is it that when we talk about solidarity, and praise those who propose it, we actually have in mind something that is incumbent upon a third party, the state, something that someone else has to take upon himself or herself, and which involves hardships to be endured by other people?"

For De Posadas, talking about a "government of solidarity" in Uruguay involves "relieving someone from his or her responsibilities, having other people bear his or her responsibilities, other people who basically lack the two essential ingredients for solidarity: love and sacrifice. De Posadas noted: "Governments do not sacrifice themselves. They impose hardships."

De Posadas also included "social justice" in the "Uruguayan cultural heritage." He asked himself: "Who dares to challenge social justice?"

De Posadas said: "All of us vaguely understand social justice as something that is the government's responsibility, and which is to be achieved by using the state." He added: "Nevertheless, can there be any justice beyond personal justice?" De Posadas asked himself: "In a nutshell, wouldn't this be a fanciful framework upon which state structures, whose proceeds are far from fair, are being built—of course, in good faith?"

Without Leadership

De Posadas said: "Our future involves reviewing some irrefutable truths of our cultural heritage." In his opinion, these truths stem from various factors: "The removal of specific spiritual values from political and social activities; their replacement by other values, frequently with an ideological bias or sanctified by repetition; basic shortcomings in our education system (...); and, ultimately, an absence of leadership (...), which is not limited to the political arena alone."

De Posadas also summarized the way he sees the future. He said: "We are not viewing a gloomy future, one involving an impending disaster." Nevertheless, he noted: "There are dark clouds looming up on the horizon, clouds of tension and even possible crises."

De Posadas predicted: "With the assurance that in an election the winner will not have a majority, the dilemma will probably involve choosing between an economic crisis, if a do-nothing attitude is taken, and a cultural and social—and perhaps political—crisis, if a decision is made to implement the reforms required by our economic reality."

De Posadas noted that the do-nothing attitude represents "an illusion" that "will increase the cost" of the cultural and social crisis. He said: "Only through the implementation of changes will any results be achieved."

In conclusion, De Posadas said: "The state's role will not be reduced without a civil society prepared and willing to fill the gap. There is no civil society without leadership and cultural maturity."

Venezuela

Caldera Rules Out Possibility of New Coup

PA2906170194 Madrid EFE in Spanish 1522 GMT 29 Jun 94

[Text] Caracas, 29 Jun (EFE)—In an informal tone and convinced he will resolve the crisis, Venezuelan President Rafael Caldera expressed his willingness to submit himself to a referendum revoking his mandate [referendum revocatorio] with the commitment he would resign the presidency if the result was adverse.

Caldera made these statements—which were broadcast today—at the Miraflores Palace, speaking before a group of personalities and journalists after inaugurating on Tuesday a forum on constitutional reform. The president stressed the importance of including the referendum revoking his mandate in the constitutional reform, which must be approved by Congress.

After stating that constitutional reform can no longer be postponed, Caldera said, nevertheless, he does not support the convocation of a Constituent Assembly given the "bad experiences" of such formulas in other nations. According to the Venezuelan president, the most recent experience has been that of Colombia, where a Constituent Assembly was called and did not achieve any benefit for the country as everything continued the same.

Meanwhile, the head of state ruled out the possibility that a new coup attempt may take place or that he may assume an attitude similar to that of Peruvian President Alberto Fujimori, of governing with absolute power. In his opinion, in Venezuela the plotters—whom he did not identify—do not have strength to win, and he explained that Monday's decision to suspend guarantees was made to ensure police action against speculation and not to repress "legitimate political protest." In recent weeks, there have been rumors in Venezuela about a possible social outbreak against speculation and the high cost of living, as well as probable coup attempts from the right against the government.

In addition, Caldera rejected a reorganization of his government with the incorporation of other parties. "The basis of this government is public opinion, and Venezuelans reject a coalition government," he affirmed.

In a direct reference to the crisis, the president said he regrets having found a country in ruins and officials whom he does not trust in office. This is the case with the Deposit Guarantee and Banking Protection Fund (Fogade), which was directed until several weeks ago by attorney Esperanza Martino, an official loyal to jailed former President Carlos Andres Perez. Fogade is the agency responsible for guaranteeing the solvency of the financial system. Under Martino's leadership, this institution delivered over $8 billion to the banks intervened by the government.

The president remarked that the decision to control foreign exchange was made to avoid "the downfall of the currency, the bolivar." He warned that from now on, the banks "will have to rigidly observe the rules the government will impose." These rules have not yet been explained by the government, which suspended the sale of foreign exchange this week and which—according to official sources—will establish a single exchange rate at between 150 and 175 bolivares per dollar.

Cited on Financial Crisis, Security

PA2906235694 Caracas EL UNIVERSAL in Spanish 29 Jun 94 p 2-1

[Report by Carlos Croes]

[Text] President Caldera yesterday said there is no reason for people to worry about their savings, and he denounced the rumor campaign being waged against large banks—a campaign aimed at worsening problems within the financial sector.

Caldera said: Last time, they directed their rumors at me. They were so effective in saying I was dead that the story reached the most far-flung regions of the nation. Fortunately, that type of rumor can be denied, because after one turns up alive, that is the end of it. Then they insisted on my illness, and they even invented a tale saying I had prostrate cancer. I could release all of my medical records, but then doubts would remain as to whether those records had been rigged. Another time, they invented a heart attack; this last rumor was fabricated when the prime minister of Portugal was arriving. None of these stories was true, and you have me here to prove it.

The president appeared calm and self-assured and spoke uninterrupted for nearly two hours.

Following the intervention in eight banks by Fogade [Deposit Guarantee and Banking Protection Fund], once again rumors have surfaced against large banks—rumors designed to create uncertainty.

Caldera added: By law the state guarantees up to 4 million [denomination of currency not specified]. Therefore I do not believe that those people who run nervously to the banks have any reason for doing this.

Caldera spoke about his five-month-old administration: "We have moved forward, despite the situation in which we found the country. Problems were greater than what we had expected. Public services had collapsed, there was a huge fiscal deficit, and, to top things off, we had to face the Banco Latino situation."

Caldera said: Dr. Velasquez told me that, during a meeting with the Central Bank and Bank Superintendency, it had been established that the bank could recover with 6 billion bolivares, but it turns out that the situation has surpassed hundreds of billions. To give you another example, the Caracas water works is now costing $2 billion. In other words, the word maintenance did not exist for the previous administration. "Even the National Cemetery was run down," the president added. The mayor told me millions of bolivares had to be spent to repair elevators in the 23 January housing complex. We then had to adjust the so-called Sosa Plan and emphasize social problems with the premise that more taxes need to be collected from the richer sectors of society.

We eliminated the VAT [value-added tax] and applied the Bank Debit Tax as the best means of obtaining the financial resources the country required. In other words, we were on the right track in terms of defeating inflation, which to me was like a seven-headed hydra. You cut off one head, and another grows in its place.

Next, another situation which also had not been prompted by my government arose—the crisis of the eight banks, which proved more serious than expected. Fogade started to deliver financial assistance, which the media wrongly labeled as a gift to the bankers. Nothing could have been farther from the truth. The money was destined to cover depositor withdrawals. The financial assistance was guaranteed by assets and properties of the banks that were being helped.

In addition, the law that Congress passed in 1993 prevented the executive branch from taking immediate action against the Banking Superintendency and Fogade. In the superintendency, there was an acting official, because the superintendent was a fugitive and out of the country, and in Fogade there was an unreliable person. I even publicly asked this person to resign.

Finally, when the Central Bank president resigned, Congress understood the seriousness of the crisis and expedited things.

He said the country elected him to set a true course for the country and to preserve constitutional order.

Caldera said: I believe that the breaking of institutional order is unacceptable to the nation. Whenever this has occurred, problems have taken a turn for the worst.

Returning to the subject of subsidies, the president credited pressure on the dollar and the peoples' distrust in the financial sector.

Earlier, he had criticized the Central Bank of Venezuela's [BCV] mini-devaluation policy for weakening the bolivar, which was losing about 15 centimos a day.

Caldera noted: All of this resulted in a $4 billion reduction in international reserves that threatened the nation's international situation.

An assessment of the financial situation prompted the conclusion that the eight banks in which Fogade had intervened could not be saved, and we could no longer continue funneling additional funds into these institutions. He said his government was forced to impose foreign exchange controls, but first he had to overcome opposition from the BCV Board of Directors.

The president discussed the nation's security situation, saying: "There are serious problems, such as the police corps, which has been infiltrated by crime. It will take time to clean up this situation, because one cannot say that every police officer is an accomplice in crime. Along with this, we are facing serious drug trafficking and juvenile delinquency problems, and we now even have delinquency by preteens."

Caldera said: Many people are talking about lowering the age for the immunity of minors, but I do not think this is the solution. The solution is in creating rehabilitation centers.

To show how complicated the police problem is, Caldera said: "When the Federal District governor dismissed the Metropolitan Police staff, they went as far as to threaten a sit-down strike."

Caldera added: Nevertheless, one cannot dwell on the bad. I believe this government in a few months has made important achievements within the international community. For example, we have improved our relations with Brazil, and we met in Caracas with the president of Colombia and his advisers to review important issues.

We received Portugal's prime minister, who came to stimulate investments in Venezuela by businessmen from his country and to share the Portuguese community's enthusiasm, because there is belief in the immense potential of our nation. Our arguments in favor of Orimulsion [boiler fuel comprising 70 percent bitumen and 30 percent water] were accepted by the EC, and we achieved an important agreement on reformulated gasoline with the United States.

Caldera also announced that the United States has accepted Venezuela's proposals for the agenda for the hemispheric summit. Venezuela said the agenda should review the topics of punishment for corruption, punishment for drug trafficking, and means of cooperation to pursue overseas those individuals who commit crimes against the state.

He assured that the nation "is overcoming the crisis, and our determination is not to allow the crisis to destroy us, because we are not talking about the failure of a government but of a nation."

The president reiterated his accusations against former ministers of the Perez government who took advantage of their positions to obtain influence in the international media to unleash a vicious campaign against Venezuela. Despite all of this, in this Palace of Misia Jacinta,

investors are arriving each and every day—investors who believe in the nation's potential.

Later, he again discussed the rumors that are attempting to destabilize the financial system by encouraging the people to make a run on the banks.

Caldera said: The pressure on the dollar became so great that we had to resort to exchange controls, despite resistance from the BCV Board of Directors—resistance that was unanimous, except for Maza Zavala.

Caldera acknowledged that the move poses certain dangers and inconveniences, but, he noted, we cannot allow the bolivar to be dragged down the "freeway to the South" [autopista del Sur]. In the end, the BCV accepted the measure, although it stated for the record that it did not agree with it.

He said that in keeping with price control measures, the right to not have one's home searched without a warrant was suspended to allow police to conduct more effective searches for speculators. "This price control measure does not have a time limit, because having one could benefit hoarders," he added.

He announced the government will quickly amend the Consumer Protection Law to ensure that those who lack scruples will be harshly punished.

Caldera was asked: Does this measure have anything to do with the rumors of a possible military coup?

"Absolutely not. There is no reason to entertain the idea of an armed revolt. He [as published] just spoke at Carabobo Field accompanied by high-ranking officers of the National Armed Forces (FAN), and I am convinced the FAN trust their commander in chief, whom they fully support."

Nevertheless, he said there are individuals who want to regain lost power: "These people are devoting themselves to spreading rumors about the country's political and economic instability."

He stressed: "Corrupt forces are at work, because corruption is rife in the country. A 'Fujimori-type' coup is even being suggested, but this will not happen in Venezuela. The 'Fujimori coup' was perhaps useful in achieving the reelection of the president and imposing the death penalty."

He supported constitutional amendments that would facilitate the people's participation in important decisions. He added that he does not feel out of touch with the rest of the country: "I read the newspapers everyday, which is the best way to remain aware of the problems."

Caldera insisted the problem of speculation was hurting Venezuela's ability to survive, but he denied that all businessmen are thieves: "I do not know what to call those who are taking advantage of a volatile situation, as was the case with the dollar, to increase prices disproportionately."

He also announced that the Banking Council has vowed to make efforts to reduce interest rates, because high interest rates harm the development of small- and medium-sized businesses and deter investments.

The president also was asked: What do you think about the latest run on the banks, which was triggered by rumors about large banks?

"The financial system requires confidence, and a lack of confidence triggers a proliferation of rumors. There is no reason for this to occur. As for other matters, the government is taking steps to maintain a number of conditions that will correct anomolies in the banking system."

In conclusion, he said his government is based upon public support. "The suggestion of a government of party coalitions goes against the aspirations of the majority. The people would reject this. As for other matters, I have not excluded any official because of his or her party affiliation; the only requirement to work for the government is to have the ability to do so."

He again talked about the suspension of guarantees and the argument that this is advantageous in preventing demonstrations.

"This was not our objective. Peaceful demonstrations are permitted, but violent demonstrations are not, with or without the guarantees." He smiled when he said that General Gomez ruled for several decades without resorting to the suspension of guarantees, adding that "my government will not persecute anyone."

When asked when the exchange market would reopen, he said: "On 6 July."

Minister: Caldera's Measures Not To Affect G-3

PA2906233894 Caracas EL GLOBO in Spanish 29 Jun 94 p 7

[Report by Enelcys Calderon]

[Text] When asked about the repercussions of the government decisions on the G-3 Agreement and the general integration process with Colombia, Foreign Minister Miguel Angel Burelli Rivas said that the measures announced by the government, as severe as they appear to be, are temporary and do not essentially affect the free trade agreement signed recently with Colombia and Mexico.

Burelli Rivas said that the government intends to maintain the integration relations and that the bolivar devaluation adjusts itself automatically. "This keeps happening all the time. There have been times when the exchange rate has gone down, but we keep on negotiating because the situation can be corrected in other ways," he said.

He said that if these measures had been found to affect the integration processes they would not have been

taken. "If this had been the case, integration would not function with any of these measures because countries constantly have to take similar measures. But we are so narrow-minded that we think Venezuela is the one country that has experienced this situation."

He also said that the measures are justified because of Venezuelan society's level of ethical degeneration, a situation that has occurred as the result of the actions of the intervened banks' boards of directors.

The minister said the measures implemented by President Caldera intend to improve Venezuela's image abroad. "This means there is authority in Venezuela, a country that saw the need to take corrective measures, although these measures were a little late."

Finally, he said that Colombia had expressed its understanding of the Venezuelan president's announcement. "If there is one country that has taken many measures like the ones we have, it is Colombia, which virtually lives in a permanent state of emergency."

Deputy Demands Explanation for Suspending Rights

PA3006042694 Caracas Union Radio Network in Spanish 2200 GMT 29 Jun 94

[Text] According to Deputy Gustavo Tarre Briceno, president of the Chamber of Deputies Finance Commission, the government must be more explicit in its reasons for suspending constitutional rights. He said the country is in a situation described in the constitutional doctrine as a constitutional dictatorship and that it is wrong for the government to have suspended six rights protected in the Constitution without an adequate explanation.

[Begin Tarre Briceno recording] The government must explain why the right to own property has been suspended. What does the financial crisis have to do with the inviolability of the home? While some spokesmen link the suspension of rights with the economic crisis, others link it with social disturbances. Rights could have been suspended regionally. The disturbances have taken place in very specific regions, yet rights were suspended in the entire country. This sea of confusion, this government cacophony, which we can hardly get used to, compels the government to explain to the country and to Congress, which must make a pronouncement, the true reasons for such a suspension. [end recording]

Tarre Briceno recalled that the decree suspending these rights should reach Congress in a few days. Congress should then begin discussing it.

Social Christian Party Leader Backs Controls

PA3006044894 Caracas Union Radio Network in Spanish 2200 GMT 29 Jun 94

[From the "Union Radio News" newscast]

[Text] Regarding the government's measures to deal with the country's economic crisis, national Social Christian Party leader Douglas Daher has said it is necessary to support President Rafael Caldera in the fight against speculation. Daher said the veritable war unleashed by white-collar bandits who assaulted the Venezuelan people from the exchange offices, as well as the daily aggression perpetrated by merciless speculators, required a strong government response.

[Begin Daher recording] Speculators are plundering the Venezuelan people's pocketbooks and disrupting social harmony. In addition, they are prompting a general rebellion through unbearable price hikes in all kinds of goods—both staples and nonstaples. Therefore, it was necessary to respond in such a way that both the people and the speculators would feel it.

I believe that an open, competitive economy—one without controls or excessive regulations, and one that is assimilated into international trade and the world economy—should be our ultimate goal. Having said this, however, today it was necessary to respond with controls, intervention, and price and exchange rate regulation to prevent a terrible emergency and the disgrace of the nation. [end recording]

Workers Confederation Backs Economic Measures

PA3006042594 Madrid EFE in Spanish 0035 GMT 30 Jun 94

[Text] Caracas, 29 Jun (EFE)—The Confederation of Venezuelan Workers (CTV), the country's main union, today gave its support to the special economic measures adopted by the government on Monday, and it asked that some of the measures be made harsher.

In a document drafted by the CTV Board of Directors, the CTV expressed its support for the exchange and price controls adopted by the government and the suspension of certain constitutional guarantees. The CTV also demanded that currency exchange remain under the control of the Central Bank of Venezuela (BCV), because "commercial banks cannot be trusted in their dollar dealings."

The CTV also asked that "the entire national bank system be state-operated" and that the BCV establish interest and dollar exchange rates after 6 July.

The CTV also demanded that all articles carry the "public sale price" to prevent stores from engaging in price gouging and speculation.

The government said the new economic measures are intended to avoid dollar speculation, the depletion of international reserves, and a wave of price hikes that have reduced the people's purchasing power to levels comparable to those of 15 years ago.

Finance Minister Julio Sosa has not ruled out the possibility of nationalizing the banking system if the new measures fail to produce the desired results. Meanwhile,

the government today approved a $30 monthly subsidy for workers who earn less than $225, adding that on Friday it will announce an aid plan for the very poor.

Fogade President: Funds 'Have Run Out'

PA3006012894 Caracas Union Radio Network in Spanish 2100 GMT 29 Jun 94

[Report by Zaida Pereira; from the "Union Radio News" newscast]

[Text] Noris Aguirre, president of the Deposit Guarantee and Banking Protection Fund [Fogade], said that Fogade funds have run out when she was questioned about Fogade's ability to subsidize other banks that could run into problems. She added that Fogade funds come from the issuance of foreign debt bonds, which amount to 400 billion bolivares, and that these bonds have yet to be sold. She also stated, however, that funds were allocated to pay the depositors of the eight intervened banks up to 4 million bolivares each.

As for the nationalization of banks, the Fogade president said she disagrees with such a measure, because she believes that a better way to overcome the problems triggered by the intervention is to work with the banks' stockholders and managers.

As for the deadline for replenishing the capital of the intervened banks, the time is already up. This is why the banks are in the hands of the state. Authorities, however, are studying a 10-year plan to turn around the Maracaibo Bank.

[Begin Aguirre recording] Briefly, the stockholders are proposing a time to cancel subsidies and to replenish the capital of the banks to 7 billion bolivares. This amount was established by the Superintendency of Banks, which has proposed following the same plan used in the Banco Latino case—a financial organization [recuperadora] will assume the banks' losses amounting to some 155 billion bolivares. [end recording]

To conclude, Aguirre said that the financial statements of the intervened banks will be submitted on 30 July to decide whether they will be dissolved, sold, or merged.

Ministers Approve Food, Transportation Subsidies

PA3006043294 Caracas Union Radio Network in Spanish 2200 GMT 29 Jun 94

[From the "Union Radio News" newscast]

[Text] The Council of Ministers today approved a 6,000-bolivar food and transportation subsidy for public and private workers. The measure will go into effect on 1 July.

The announcement was made by Labor Minister Juan Nepomuceno Garrido at Miraflores Palace. He added that the money will be paid for complete work shifts. People on sick leave or vacation leave will not be included. The subsidy will be paid to workers earning a salary of up to 45,000 bolivares a month and will not affect the social security benefits or other benefits provided by law. The minister said that in order to cover the payments, the government will request an additional allocation of 10 billion bolivares from Congress.

[Begin Garrido recording] This decision will benefit public and private workers. The payment for public workers, however, will be made only after Congress approves the additional allocation the executive branch will request. Private workers will receive their payment the last day of July. [end recording]

The minister also said the subsidy, which will equal 2 percent of an average worker's salary, will be permanent in nature.

Correction to President Says Army Prepared To Repress Violence

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The following correction pertains to the item headlined "President: Army Prepared To Repress Violence" carried in the 27 June Latin America DAILY REPORT on pages 44 and 45:

Column two, first paragraph, reads ...[Speech by President Rafael Caldera on the occasion of Army Day from Carabobo Field in Valencia—live]...(correcting name of city)